

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On August 7, 1998, the Commission addressed petitions for rehearing of the May 22, 1998 Order. The Commission has received two petitions to rehear specific issues in the August 7, 1998 Order.

BellSouth Cellular Corporation ("BellSouth Cellular") requests the Commission to reconsider its determination of the assessment methodology for the low-income portion of the Universal Service Fund ("USF"). The Commission determined that the assessment method for the low-income portion of the USF should be based on a percentage of total billed intrastate regulated revenues and recovered as a charge on all customers' bills. It will be assessed as of January 1, 1999. BellSouth Cellular argues that the implementation of the assessment for the high-cost portion and the low-income portion should be consistent to avoid unnecessary administrative costs and confusion. The Commission affirms its decision to implement the low-income portion of the USF by January 1, 1999, but will use an interim assessment methodology to be determined in the near future. The Commission considers it critical to begin the USF assessment for the low-income portion of the USF by January 1999. This will enable the utilities and their subscribers to gain experience with USF administration prior to the initiation of the high-cost portion.

Metro Human Needs Alliance and Kentucky Youth Advocates request the Commission rehear the portion of its August 7, 1998 Order which found that automatic enrollment in the Lifeline program was not permitted. The Metro Human Needs Alliance and Kentucky Youth Advocates argue that automatic enrollment for the Lifeline program should be permitted by agreement of the telephone utilities and low-income representatives. However, no information not previously considered by the Commission has been presented by these applicants.

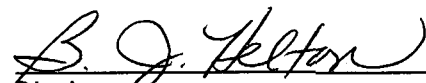
The Commission, having considered the motions for rehearing and having been otherwise sufficiently advised, HEREBY ORDERS that:

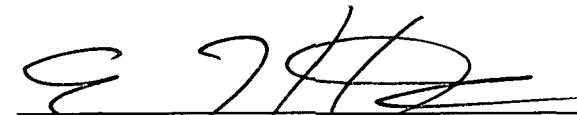
1. The motion of BellSouth Cellular should be granted to the extent that the Commission will establish an interim USF assessment methodology in the near future to collect the low-income portion of the USF for January 1, 1999 through July 1, 1999.

2. The motion of Metro Human Needs Alliance and Kentucky Youth Advocates is hereby denied.

Done at Frankfort, Kentucky, this 17th day of September, 1998:

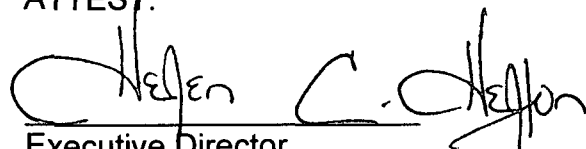
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director