

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO LOCAL )  
COMPETITION, UNIVERSAL SERVICE ) ADMINISTRATIVE  
AND THE NON-TRAFFIC SENSITIVE ) CASE NO. 355  
ACCESS RATE )

In the Matter of:

APPROVING DUO COUNTY S )  
AVOIDED COST METHODOLOGY AND )  
STUDY ) CASE NO. 99-376  
)

O R D E R

In Administrative Case No. 355, the Commission ordered all companies exempted from obligations imposed by Section 251(c) of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, 47 U.S.C. 151, et seq. ( the Act ) to file avoided cost studies within three years of the date of that Order.<sup>1</sup> Section 251(f)(1) of the Act allows such exemption to certain rural telephone companies until the company has received a bona fide request for interconnection and the state commission determines that such request is not unduly economically burdensome, is technically feasible and is consistent with Section 254 (other than Sections (b)(7) and (c)(1)(D)) of the Act.

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<sup>1</sup> Administrative Case No. 355, Order dated September 26, 1996, at 14.

On September 7, 1999, Duo County Rural Telephone Cooperative Corporation, Inc. ( Duo County ) filed its avoided cost study for Commission review. In its application, Duo County states that it has not received and does not anticipate receiving a bona fide request for interconnection in the near future.

Delays in implementing the Act, as well as the rural nature of the service area of Duo County and the other companies exempted under Section 251(f)(1) of the Act, make it unlikely that competitive local exchange carriers will seek to provide services in the rural areas served by these companies in the near future. Also, it is possible that the United States Court of Appeals for the Eighth Circuit will find unreasonable the FCC methodology for determining wholesale discount rates, upon which the Commission relies heavily in its calculations. However, since Duo County has filed its study pursuant to a Commission Order, the Commission will review the study using the methodology employed by the Commission in reaching its decisions in Case No. 96-482,<sup>2</sup> Case No. 97-402,<sup>3</sup> and Case No. 98-041.<sup>4</sup> Companies that have completed an avoided cost study may file it with the Commission. Those companies that have not completed their study may defer filing until further Order of the Commission. Those companies which defer filing must notify the Commission of their intent to do so within seven days of the receipt of this Order.

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<sup>2</sup> Case No. 96-482, The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C.

<sup>3</sup> Case No. 97-402, Cincinnati Bell Telephone Company's Avoided Cost Study.

<sup>4</sup> Case No. 98-041, GTE South Incorporated Avoided Cost Study.

The Commission, having considered the record, and being otherwise sufficiently advised, HEREBY ORDERS that all companies exempted under Section 251(f)(1) of the Act may defer filing avoided cost studies until further Order of the Commission, and shall notify the Commission within seven days of receipt of this Order of their intent to defer filing.

Done at Frankfort, Kentucky, this 22<sup>nd</sup> day of September, 1999.

By the Commission

ATTEST:

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Executive Director