

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

In its November 16, 1998 Order, the Commission delayed the implementation of the high-cost portion of the Universal Service Fund ("USF"). Since that time, the Federal Communications Commission ("FCC") has reviewed the Joint Board's recommendations for the federal high-cost implementation in two orders.¹ The FCC adopted many of the Joint Board's recommendations, but many issues remain undecided.² Because of the potential impact of the FCC's determinations on the Kentucky high-cost USF, the Commission, on its own motion, will delay the implementation of the Kentucky high-cost portion of the USF until January 1, 2000. This extension should afford the Commission adequate time to adjust its high-cost portion of

¹ They are: (1) *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Access Charge Reform*, CC Docket No. 96-262, Seventh Report & Order and Thirteenth Order on Reconsideration in CC Docket No. 96-45, Fourth Report & Order in CC Docket No. 96-262, and Further Notice of Proposed Rulemaking, FCC 99-119 (rel. May 28, 1999) (*Methodology Order*) and (2) *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Forward-Looking Mechanism for High-Cost Support for Non-Rural LECs*, CC Docket No. 97-160, Further Notice of Proposed Rulemaking, FCC 99-120 (rel. May 28, 1999) (*Inputs FNPRM*).

² *Methodology Order* at ¶¶ 6-19.

the USF to account for actions taken by the FCC, which are anticipated in the fall of 1999.³

On December 28, 1998, the Commission entered an Order clarifying certain aspects of the implementation of the low-income portion of the USF. That Order described eligibility programs for Lifeline and Link-Up erroneously. One of the programs listed was "Social Security Insurance."⁴ The referenced program should be Supplemental Security Income. The Commission, on its own motion, corrects this error.

AT&T Communications of the South Central States, Inc. ("AT&T"), GTE Wireless of the South Incorporated, GTE Mobilnet of Clarksville Incorporated, GTE Wireless of the Midwest Incorporated, and Kentucky RSA No. 1 Partnership (collectively, "GTE Wireless"), and BellSouth Telecommunications, Inc. ("BellSouth") have requested deviations from the Commission's USF implementation requirements. AT&T requested that it be permitted to contribute to the low-income fund in an amount equal to 5 cents per Kentucky access line until the aggregate amount of its collections exceeds the administrative cost associated with collecting the charge on their customers' bills.

BellSouth requested that it be permitted to delay implementing a line item on its customers' bills for Lifeline until the high-cost portion of the fund is also implemented. BellSouth currently contributes an amount equal to 5 cents per customer line to the USF and anticipates backbilling its customers for this amount once the implementation

³ *Methodology Order* at ¶¶ 5 and 19. See also *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Forward-Looking Mechanism for High-Cost Support for Non-Rural LECs*, CC Docket No. 97-160, and *Access Charge Reform*, CC Docket No. 96-262, FCC 99-1277 (rel. June 29, 1999) at ¶ 2.

⁴ December 28, 1998 Order at 6.

process is complete. GTE Wireless requested that it be relieved from the requirement of backbilling customers for the Lifeline charges which it contributed to the USF prior to assessing its end-user customers.

These requests are denied. All utilities must reflect a 5-cent charge for Lifeline on their customers' bills. Further, they must assess end-user customers 5 cents per month retroactive to January 1, 1999. Customers should be notified of this explicit subsidy through a bill insert.

The Commission, having been otherwise sufficiently advised, HEREBY ORDERS that:

1. The implementation of the high-cost portion of the USF for Kentucky shall be delayed until January 1, 2000.

2. The December 28, 1998 Order is modified *nunc pro tunc* to delete the reference to Social Security Insurance as an eligible program for Lifeline assistance and substitute it with Supplemental Security Income.

3. All carriers shall assess their end-user customers the 5-cent charge for Lifeline support and shall retroactively bill their customers to January 1, 1999.

4. Customers shall be notified of the retroactive billing through a bill insert.

Done at Frankfort, Kentucky, this 28th day of July, 1999.

By the Commission

ATTEST:

Executive Director