

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A CERTIFICATION OF THE CARRIERS)	ADMINISTRATIVE
RECEIVING FEDERAL UNIVERSAL)	CASE NO. 381
SERVICE HIGH-COST SUPPORT)	

O R D E R

Pursuant to a recent Federal Communications Commission (FCC) order, this Commission establishes this proceeding to certify that the use of federal universal service high-cost support is consistent with 47 U.S.C. 254(e).¹ According to 47 U.S.C. 254(e), carriers must use universal service support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The FCC anticipates that states will take the appropriate steps to account for the receipt of federal high-cost support and ensure that the federal support is being applied in a manner consistent with Section 254.² Further, the FCC notes that because the federal support is intended to enable the reasonable comparability of intrastate rates . . . it is most appropriate for states to determine how the support is used to advance the goals set out in Section 254(e).³

¹ Federal-State Joint Board on Universal Service Ninth Report and Order and Eighteenth Order on Reconsideration, CC Docket Number 96-45; FCC 99-306, released November 2, 1999 (Methodology Order). See generally paragraphs 93-110.

² Id. at paragraph 95.

³ Id.

States may require the federal funding be used to adjust intrastate rates, to replace implicate intrastate universal service support to high-cost rural areas eroded through competition, require carriers to upgrade facilities in rural areas, to ensure reasonable comparability to services provided in urban areas.⁴

The certification requirement applies to non-rural incumbent local exchange carriers (ILEC) and competitive eligible telecommunications carriers seeking high-cost support in the service area of a non-rural ILEC.⁵

This Commission intends to finalize its certification on or before April 1, 2000. This certification will include the first and second quarters of the year 2000. Therefore, carriers should receive in the third quarter 2000 support for the first and third quarters and in the fourth quarter 2000 support for the second and fourth quarter of 2000.⁶

Carriers receiving support, Cincinnati Bell Telephone Company (CBT), GTE South Incorporated (GTE), and BellSouth Telecommunications, Inc. (BellSouth), should file their recommendations for a certification process. The Commission contemplates that the process will include proposed uses for the support and specific accounting and other safeguards to enable certification.

IT IS THEREFORE ORDERED that:

1. This proceeding is initiated to certify ILEC s receiving federal support.

⁴ Id. at paragraph 96.

⁵ Id. at paragraph 97. In Kentucky to date, the only eligible telecommunications carriers are the incumbent LECs.

⁶ Id. at paragraph 101.

2. CBT, GTE, BellSouth, and the Attorney General's Office of Utility and Rate Intervention are hereby made parties to this proceeding.

3. Other persons who wish to participate shall so notify this Commission within 20 days from the date of this Order.

4. By no later than January 14, 2000, parties shall submit detailed proposals for the certification process and for their intended use of the support. Comments shall include a description of the goals that the proposal will obtain and shall focus on the comparability of rates and services between rural and urban areas of Kentucky.

Done at Frankfort, Kentucky, this 10th day of December, 1999.

By the Commission

ATTEST:

Executive Director