COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTH CENTRAL BELL TELEPHONE TO MODIFY ITS METHOD OF REGULATION	)))))	CASE NO. 94-121

O R D E R

On August 2, 1999, the Commission issued its Order in this case approving BellSouth Telecommunications, Inc.'s ("BellSouth") annual filing pursuant to its price regulation plan. As a part of its proceeding, the Commission granted BellSouth a deviation from the plan rules. This deviation and other elements of the plan allowed BellSouth to reduce its Non-Traffic Sensitive Revenue Requirement ("NTSRR") by $13 million. The NTSRR is paid by interexchange carriers ("IXCs"); therefore, the Commission ordered all IXCs that pay the NTSRR to BellSouth to reduce their toll rates in an amount equal to their respective reductions in NTSRR.

This Order addresses several motions and failures to file required tariffs and information. These issues will be addressed in turn.

AT&T Communications of the South Central States, Inc. ("AT&T") filed a motion on November 16, 1999, asking the Commission to recognize its filing on September 2, 1999, that introduces the AT&T "Seven Sense Plan" in its total revenue reduction. AT&T filed tariffs to reduce revenues by $3,686,233 on August 31, 1999. However, this amount is $373,659 short of the required reduction. AT&T asserts that the "Seven

Sense Plan" will reduce revenues by an additional $553,000. Accordingly, the Commission will grant the deviation by AT&T.

Vartec Telecom Inc. ("Vartec") filed a letter, that the Commission shall treat as a motion, asking that the Commission recognize its tariff filed on August 31, 1999, effective September 1, 1999. This tariff concerns the company's new default residential service and offers a 5-cent per minute intrastate rate with a ten-minute per call minimum and no monthly fee. Vartec believes that this 50 percent reduction in its residential service rate should meet the Commission's objectives and more than adequately pass through BellSouth's access reductions. The Commission agrees and will accept Vartec's filing.

LCI International Telecom Corporation ("LCI") filed for an extension to November 1, 1999. LCI has filed tariffs together with cost support information; however, additional reductions are required. LCI estimates this filing will reduce its revenues by $310,417. However, because LCI received a reduction of approximately $918,000 from BellSouth, LCI should file additional tariffs to reduce its revenues by approximately $607,583.

The following companies have not filed tariffs implementing the pass-through reduction and are hereby ordered to do so by March 15, 2000: (a) Long Distance Management; (b) Frontier Communications Services, Inc.; (c) TMC of Bowling Green; and ICG Telecom Group, Inc.

A small number of IXCs received de minimis reductions from BellSouth. The Commission will not require them to reduce their rates at this time. The reduction from BellSouth would not likely produce a billing change for these carriers.

IT IS THEREFORE ORDERED that:

1. The motions of AT&T, Vartec, and LCI discussed herein are granted.

2. Within 20 days of the date of this Order, LCI shall file additional tariffs to further reduce its rates.

3. Within 20 days of the date of this Order, Long Distance Management, Frontier Communications Services, Inc., TMC of Bowling Green, and ICG Telecom Group, Inc., shall file tariffs to reduce their rates commensurate with the reduction each has received from BellSouth.

Done at Frankfort, Kentucky, this 10th day of March, 2000.

By the Commission

ATTEST:

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Executive Director