

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE REDUCTION OF INTRASTATE)
TOLL RATES AS A RESULT OF THE)
ELIMINATION OF THE RESIDUAL) CASE NO. 2000-069
INTERCONNECTION CHARGES OF)
GTE SOUTH INCORPORATED)
)

O R D E R

On January 11, 2000, GTE South Incorporated and Contel of Kentucky, Inc. d/b/a GTE Kentucky eliminated the residual interconnection charge ("RIC") from their intrastate access tariffs. On February 24, 2000, the Commission ordered all interexchange carriers affected by this action to file tariffs demonstrating that they had reduced their intrastate long-distance toll rates in an amount equal to the access charge reduction.

On April 17, 2000, MCI WorldCom ("MCI") provided information which stated that, as the result of the introduction of new services, existing customers of more highly priced services had converted to lower priced services introduced during the period January 1, 1994 through December 31, 1999. The result of this shift, according to MCI, was a reduction in the average rate per minute charged to Kentucky customers. MCI asserts that the resulting reduction in revenues should be considered as fulfilling its required access charge reduction.

The Commission does not agree. The reduction in the average rate per minute is the result of the introduction of new services in Kentucky in response to competitive pressures. These reductions still allow MCI to cover costs including the RIC. At the current rates, MCI will be realizing excess gains from the RIC elimination.

Therefore, the Commission HEREBY ORDERS that MCI shall comply with the Commission's February 24, 2000 Order and file tariffs reducing its intrastate long-distance toll rates by the amount computed in Attachment 1 of its April 17, 2000 filing. The tariff filing shall be accompanied by an exhibit showing the rate reduction for each service. The exhibit shall be in the form of a "quantity times price" analysis.

Done at Frankfort, Kentucky, this 8th day of May, 2000.

By the Commission

ATTEST:


Executive Director