

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On December 10, 1999, the Commission established this proceeding on its own motion to certify that the use of federal universal service high-cost support received by non-rural Local Exchange Carriers ("LECs") is consistent with 47 U.S.C. § 254(e). The Commission has since issued orders certifying that the high-cost support received by BellSouth Telecommunications Inc. ("BellSouth"), Verizon South Inc. ("Verizon"), and Cincinnati Bell Telephone ("CBT") is consistent with 47 U.S.C. § 254(e). On May 23, 2001, the Federal Communications Commission ("FCC") issued an order in CC Docket 96-45 and CC Docket 00-256 that changed the methodology in which rural carriers receive high-cost support. Similarly, in that order, the FCC required that the states certify that the high-cost support received by rural carriers is consistent with 47 U.S.C. § 254(e).¹

¹ In the Matter of Federal-State Joint Board on Universal Service Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Fourteenth Report And Order, Twenty-Second Order On Reconsideration, And Further Notice Of Proposed Rulemaking In CC Docket No. 96-45, And Report And Order In CC Docket No. 00-256; FCC 01- 157, Released May 23, 2001. See generally paragraphs 185-193.

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.” Further, the FCC notes that the federal support is intended to ensure the reasonable comparability of intrastate rates and that states have jurisdiction over intrastate rates.² The FCC also concludes that states have primary authority over carriers’ intrastate activities and that the state certification process provides the most reliable means of determining whether carriers are using support in a manner consistent with Section 254(e).³

The certification requirement applies to rural and non-rural carriers that are designated as eligible to receive support under Section 214(e) of the Act.⁴ This Commission intends to finalize its certification on before the October 1, 2001 deadline to submit this certification to the FCC and the Universal Service Administrative Company (“USAC”). This certification will be for the period January 1, 2002 – December 31, 2002.⁵

Carriers receiving support should file their recommendations for a certification process. The Commission contemplates that the process will include the estimated amount of support, proposed uses for the support, and specific accounting and other safeguards to enable certification to take place.

² Id. at paragraph 187.

³ Id.

⁴ Id.

⁵ Id. at paragraph 191.

IT IS THEREFORE ORDERED that:

1. This proceeding now encompasses all carriers that are eligible to receive federal high-cost support, and is undertaken for the purpose of certifying those carriers.

2. By no later than September 1, 2001, all incumbent local exchange carriers shall submit detailed proposals for the certification process and for their intended use of the support. Comments shall include an estimate of the amount of support to be received, a description of the goals of the proposal, and the manner in which the proposal will achieve comparability of rates and services between rural and urban areas of Kentucky.

3. This Order shall be served upon all incumbent local exchange carriers operating in the Commonwealth of Kentucky.

Done at Frankfort, Kentucky, this 31st day of July, 2001.

By the Commission

ATTEST:


Executive Director