

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On November 8, 2001, the Federal Communications Commission ( FCC ) released the MAG Order,<sup>1</sup> in which it modified its rules to reform the interstate access charge and universal service support system for local exchange carriers subject to rate-of-return regulation.

The FCC established a new universal service support mechanism, called the Interstate Common Line Support mechanism. This new mechanism will replace the carrier common line charge with explicit support that will be available to all eligible telecommunications carriers on an equitable, non-discriminatory, and competitively neutral basis.

Among many other important actions that the FCC took in the MAG Order, it concluded that the plan for disaggregation and targeting of high cost support for rural carriers adopted in the Rural Task Force Order will also apply to Interstate Common Line Support. That is, the same three paths that are available for the disaggregation and targeting of other forms of high cost support for rural carriers will be available for the disaggregation of Interstate Common Line Support. It is important to note that the

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<sup>1</sup> MAG Order, FCC 01-304, issued November 8, 2001.

FCC extended the date by which disaggregation plans must be submitted, from March 18, 2002 to May 15, 2002.

Under the old embedded cost mechanism, federal high-cost universal service support for rural carriers was averaged across all lines served by a carrier within its study area. Thus, support on a per-line basis was the same throughout a study area even though the costs of serving customers in that study area likely vary. In the RTF Order,<sup>2</sup> the FCC concluded that support should be disaggregated and targeted below the study area level, which will achieve a balance between rural carriers' needs for flexibility and the FCC's goal of encouraging competitive entry. The FCC, therefore, adopted, with certain modifications, the three paths for the disaggregation and targeting of high-cost universal service support proposed by the Rural Task Force. All rural incumbent carriers must select a disaggregation path and submit the required information to USAC on or before May 15, 2002.

ALLTEL Kentucky, Inc. ( ALLTEL ) chose Path 3. Path 3 allows a carrier to self-certify a disaggregation and targeting plan of its support. ALLTEL has filed with the Commission a statement certifying it has disaggregated support to the wire center level. The plan included the methodology used to develop the disaggregation zones, the relationship of the cost of service for zone, and the per-line level of support for each category or high-cost universal service support in each disaggregation zone. The carrier's election to this path becomes effective upon filing of the certification to the state commission. This path shall remain in place for at least four years except upon the

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<sup>2</sup> Rural Task Force Order, FCC 01-157, issued May 23, 2001.

motion of the commission, petition by an interested party, or by petition of the rural incumbent local exchange carrier.

Ballard Rural Telephone Cooperative Corporation, Inc., Brandenburg Telephone Company, Inc., Duo County Telephone Cooperative Corporation, Inc., Foothills Rural Telephone Cooperative Corporation, Inc., Gearheart Communications Co., Inc. dba Coalfields Telephone Co., Highland Telephone Cooperative, Inc., Leslie County Telephone Company, Inc., Lewisport Telephone Company, Inc., Logan Telephone Cooperative, Inc., Mountain Telephone Cooperative, Inc., North Central Telephone Cooperative, Inc., Peoples Rural Telephone Cooperative Corporation, Inc., Salem Telephone Company, South Central Rural Telephone Cooperative Corporation, Inc., Thacker-Grigsby Telephone Company, Inc., Verizon South, Inc., and West Kentucky Rural Telephone Cooperative Corporation, Inc. chose Path 1. Path 1 specifies that the carrier chooses not to disaggregate its high-cost support. The carrier's election to this path becomes effective upon certification by the carrier to the state commission. This path shall remain in place for at least four years except upon the motion of the commission, petition by an interested party, or by petition of the rural incumbent local exchange carrier.

The rural local exchange carriers in Kentucky have certified to this Commission their disaggregation plans pursuant to Title 47, Section 54.315, of the FCC rules. The Commission finds that the proposals to disaggregate are consistent with the requirements of the FCC.

IT IS THEREFORE ORDERED that the disaggregation plans are approved.

Done at Frankfort, Kentucky, this 10<sup>th</sup> day of July, 2002.

By the Commission

ATTEST:

  
Executive Director