

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE )  
PROPRIETY OF, AND POTENTIAL )  
SAFEGUARDS FOR, THE PROVISION )  
OF LOCAL EXCHANGE SERVICE BY ) CASE NO. 1998-00410  
GTE COMMUNICATIONS )  
CORPORATION )

O R D E R

On August 31, 1999, the Commission determined that BellSouth BSE, Inc. ("BSE") and GTE Communications Corporation ("GTE-CC") should be permitted to provide local service on a statewide basis. The Commission also established periodic filing requirements.

Both GTE-CC and BSE were required to file:

- a. A semi-annual report showing the number of customers migrating from BellSouth Telecommunications, Inc. ("BellSouth") and GTE South, Incorporated ("GTE") to BSE and GTE-CC, the revenues gained by BSE and GTE-CC from such customer migration, the number of units or services that BSE and GTE-CC purchase from BellSouth and GTE, respectively, and the price per unit.
- b. Justification for any price for service that is below the ILEC affiliate's wholesale price prior to the effective date of the tariff.
- c. A schedule filed annually showing the expenses directly incurred by, or allocated to, BSE and GTE-CC from any other affiliate by cost category, i.e., advertising

expense, administrative expense, etc., and the expenses associated with the services being provided the customers.

In addition, BSE was to adopt the structural and transactional requirements set forth in 47 U.S.C. § 272(b); to adhere to the nondiscrimination safeguard provisions of Section 272(c); and to comply with the biennial audit requirements of Section 272(d) and the request requirements of Section 272(e).

The Commission, on its own motion, finds that some of these regulatory requirements should be eliminated. GTE and its successor, Verizon South, Inc., no longer provide incumbent local exchange service in Kentucky; therefore, these requirements are no longer applicable to the affiliate GTE-CC.

The Commission also finds that certain requirements for BSE should be lifted. The Commission imposed these conditions because of concern of anti-competitive behavior and the use of an affiliate to avoid Commission regulations. The Commission has reviewed these reports and finds that these concerns have not materialized. Therefore, BSE is no longer required to file the semi-annual report concerning customer migration nor the annual schedule showing expenses directly incurred by, or allocated to, BSE from any other affiliate by cost category. However, BSE must file any justification for prices below the ILEC affiliate's wholesale price. BSE also must comply with 47 U.S.C. § 272.

BE IT SO ORDERED.

Done at Frankfort, Kentucky, this 29<sup>th</sup> day of October, 2004.

By the Commission

Commissioner W. Gregory Coker did not participate in the deliberations or decision concerning this case.

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal line at the bottom.

Executive Director

Case No. 1998-00410