



Paul E. Patton, Governor

**Janie A. Miller, Secretary
Public Protection and
Regulation Cabinet**

**Thomas M. Dorman
Executive Director
Public Service Commission**

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**Martin J. Huelsmann
Chairman**

**Gary W. Gillis
Vice Chairman**

**Robert E. Spurlin
Commissioner**

December 8, 2003

PARTIES OF RECORD

**Re: Case No. 2003-00379
Triennial Review**

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Amy Dougherty at 502/564-3940, Extension 257.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Dorman", with a long horizontal stroke extending to the right.

**Thomas M. Dorman
Executive Director**


Attachment



Intra-Agency Memorandum

Kentucky Public Service Commission

TO: Case File No. 2003-00379

FROM: Amy E. Dougherty 
Attorney

DATE: December 8, 2003

RE: Informal Conference

On December 3, 2003, those persons whose names appear on the attached sign-in sheet met to discuss economic models and other issues in this proceeding. The first presenter was Thomas Koutsky, a representative of Z-Tel presenting on behalf of CompSouth. Z-Tel operates in 46 states. Kentucky is an important market for Z-Tel and represents approximately 5 percent of Z-Tel's total customer base. According to Z-Tel, UNE-P is the fastest growing form of CLEC competition. The UNE-P penetration rate is consistent over all density zones in Kentucky. Also according to the presenter, BellSouth has an independent obligation to provide access to its network based on its entry into the market under Section 271.

According to CompSouth, there is a three-step analysis which must occur under the Triennial Review Order. (1) Triggers. The majority of the initial effort of this Commission will be with this first step. (2) Potential deployment, and (3) Batch hot-cut process. These are not sequential but are somewhat simultaneous.

According to CompSouth, BellSouth argued for UNEs to be established in order for it to obtain 271 relief. Now that it has some UNE competition it is arguing that the competition should no longer exist. CompSouth also contends that the trigger tests established by the Triennial Review Order are not merely a counting exercise but BellSouth argues that its triggers form a bright line test. BellSouth is making its prefiled testimony filings in the Florida proceeding on December 4, 2003. BellSouth agreed to furnish staff with a copy of its model loaded with the Florida data, all that is now available.

Bob Bye from Cinergy Communications also presented on behalf of CompSouth. Mr. Bye's presentation focused on the Loop and Transport analysis that the states must complete. According to CompSouth the analysis must be granular on three levels; (1) triggers; (2) analysis of qualifying wholesale providers; and (3) Certification/Waiver and potential deployment analysis.

Lisa Brooks of BellSouth described BellSouth's view of the switching analysis and how they have incorporated this analysis into the Model. Two areas of her presentation were the cross-over point between mass market customers and enterprise customers and the geographic area that comprises the market. She also explained that where triggers were not present in the market BellSouth will rely on using the Model. Lastly, Ms. Brooks Described BellSouth's hot-cut process.

Jim Stegman from ConQuest Associates presented BellSouth's model, know as the BACE Model. BACE is an acronym that means The BellSouth Analysis of Competitive Entry. The model hypothesizes conditions for a single carrier. Other assumptions are that all of the build-out or deployment needed for the carrier is available on day one. No new capital investment is needed over the life of the model and there is no price elasticity considered in the model. Z-Tel argues that markets should be designed by bottoms up data review in order to achieve needed efficiencies rather than a tops down review.

BellSouth proposes that markets be defined by combination of component economic areas ("CEAs ") which are a subdivision of the Bureau of Economic Analysis. The CEAs would also be divided by the three UNE zones created by this Commission to establish UNE rates. In combination, this presents 20 markets for BellSouth's area of Kentucky.

CompSouth and BellSouth distributed six handouts during the meeting. These parties agreed to load these documents on the PSC's electronic site for this case by no later than Monday, December 8, 2003. BellSouth also agreed to file electronically a map containing the market areas with its exchange boundaries and a spreadsheet that it discussed during the conference.

Attachments

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REVIEW OF FEDERAL COMMUNICATIONS)
COMMISSION'S TRIENNIAL REVIEW ORDER) CASE NO.
REGARDING UNBUNDLING REQUIREMENTS) 2003-00379
FOR INDIVIDUAL NETWORK ELEMENTS)

INFORMAL CONFERENCE

SIGN IN

December 3, 2003

PERSON	REPRESENTING
<u>Amy E Dougherty</u>	<u>PSC</u>
<u>Ryle Willard</u>	<u>PSC - Engineering</u>
<u>Jim Stevens</u>	<u>PSC</u>
<u>[Signature]</u>	<u>"</u>
<u>[Signature]</u>	<u>BellSouth</u>
<u>Matthew Ross - Rain</u>	<u>AT&T</u>
<u>Kent Hatfield</u>	<u>CompSouth</u>
<u>Tom Brady</u>	<u>Z-Tel</u>
<u>[Signature]</u>	<u>Linagy Communications</u>
<u>Steve Ryan</u>	<u>ACCTE C</u>
<u>Michelle Haynes</u>	<u>BellSouth</u>

CASE NO. 2003-00379

December 3, 2003

PERSON

Jonathan Amlin

Tony Taylor

Doug Brent

DEEPA PAN JETI

JAMES SIEGEMAN

Lisa Brooks

JIM TIPTON

Jean Coleman

Ann Louise Chevront

Jeff Johnson

REPRESENTING

Southeast Telephone

Bell South

CompSouth

MO-MENTUM / COMPSOUTH

COSTQUEST

Bell South

BELLSOUTH

Bell South

OAG

FSC-engineering