COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO THE STATE) CASE NO.
UNIVERSAL SERVICE FUND) 2016-00059

ORDER

On February 1, 2016, the Commission, on its own motion, initiated this administrative proceeding to investigate the current and future funding, distribution, and administration of the Kentucky Universal Service Fund (KUSF), which provides supplemental support for authorized telecommunications carriers that also participate in the federal Lifeline program. The Commission stated that the need for the investigation arose from the projected depletion of the KUSF by April 2016, at which time the fund would no longer be able to meet its monthly obligation, absent action to increase funding or reduce spending. The Commission also stated that it would review the need to continue the KUSF; future funding levels of the KUSF; and the possibility of reducing the level of support on a permanent basis. The Commission named as parties the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention, all Local Exchange Carriers, all commercial mobile radio service providers, and all eligible telecommunications carriers. The Commission established a procedural schedule providing for the filing of testimony by parties, discovery, and an opportunity for a hearing. On March 10, 2016, the Commission raised the KUSF surcharge to \$.14 on an interim basis pending the outcome of this investigation. On August 31, 2017, citing

improved financial conditions of the KUSF; the Commission reduced the KUSF surcharge to \$.09.

Since the last surcharge reduction, the balance of the KUSF has maintained sufficient levels and warrants a reduction in the monthly surcharge to \$.07 per access line. This surcharge will remain in place for the pendency of this proceeding or until further order of the Commission. As in the past, for carriers maintaining tariffs with the Commission, this surcharge should be shown on the customer's bill as "Kentucky Lifeline Surcharge." Additionally, carriers that maintain tariffs with the Commission must submit to the Commission updated tariffs no later than March 30, 2019, to reflect the change in the surcharge.

IT IS THEREFORE ORDERED that:

- The surcharge for the Kentucky Lifeline Program shall, on an interim basis,
 be \$0.07 per access line per month beginning with bills rendered on and after the date of
 this Order, or as soon as allowed by applicable contracts between customers and carriers.
- 2. By March 30, 2019, where applicable, carriers shall submit tariff revisions to reflect this change.

By the Commission

ENTERED

FEB 1 5 2019

KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Executive Director

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