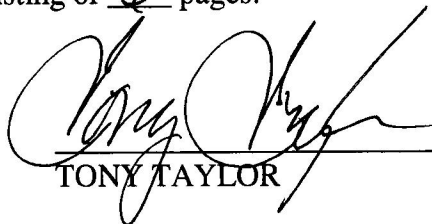


COMMONWEALTH OF KENTUCKY
KENTUCKY PUBLIC SERVICE COMMISSION

COUNTY OF JEFFERSON

STATE OF KENTUCKY

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Tony Taylor, who being by me first duly sworn and deposed, and said that he is appearing as a witness on behalf of BellSouth Telecommunications, LLC d/b/a AT&T Kentucky before the Kentucky Public Service Commission in Docket Number 2016-00059, *In the Matter of: An Inquiry Into the State Universal Service Fund*, and if present before the Commission and duly sworn, his statements would be set forth in the annexed direct testimony consisting of 6 pages.



TONY TAYLOR

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 4 DAY OF MARCH, 2016.


Notary Public

My Commission Expires: 7-25-2016

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Tony Taylor. My business address is 601 West Chestnut Street, Louisville, Kentucky, 40203.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by AT&T Services, Inc., and represent AT&T Kentucky (“AT&T”). I am an Executive Director – External & Legislative Affairs and responsible for AT&T Kentucky’s external and regulatory affairs activity.

Q. PLEASE OUTLINE YOUR WORK EXPERIENCE.

A. I began employment with BellSouth Telecommunications¹ in 1981 and previously worked in the network planning group where I developed infrastructure planning and engineering for AT&T facilities in Kentucky. I also worked in enterprise sales to develop service proposals for Kentucky based customers. My current responsibilities as Executive Director – External & Legislative Affairs include, among other things, the review of regulatory policy, oversight of various regulatory filings and compliance activities with the Kentucky Public Service Commission (“Commission”).

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I received my Bachelor of Science degree in Industrial Technology with emphasis on Communication Electronics from Eastern Kentucky University and my Master of Business Administration from Bellarmine University.

¹ The entity I began my employment with was South Central Bell, which later became BellSouth Telecommunications.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

2

3 A. Yes. I have testified twice before this Commission in the following cases:

4 • Case No. 1999-00484, *In the Matter of: IgLou Internet Services,*
5 *Inc. v. BellSouth Telecommunications, Inc.;*

6 • Case No. 2001-00099, *In the Matter of Spis.net v. BellSouth*
7 *Telecommunications, Inc.*

8 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

9 A. My testimony is given on behalf of AT&T Kentucky to address the state Lifeline
10 issues identified by the Commission in its February 1, 2016 Order entered in
11 Case No. 2016-00059, *In the Matter of: An Inquiry into the State Universal*
12 *Service Fund*².

13 **II. INTERIM CONSIDERATIONS**

14 **Q. SHOULD THE COMMISSION CONTINUE THE KUSF?**

15 A. In the interim, the Commission should take steps to restore solvency of the KUSF
16 while it considers what to do with the Kentucky state Lifeline Program during the
17 pendency of this docket. AT&T Kentucky does not object to the Commission's
18 proposal to temporarily raise the KUSF monthly per-access line charge from \$.08
19 to \$.14 in order to preserve the solvency of the KUSF in the near term. Based
20 upon the options presented by the Commission in its February 1, 2016 order, this
21 would permit Lifeline subscribers to continue to receive the current \$3.50 monthly
22 state Lifeline benefit. Ensuring the KUSF remains solvent would also continue
23 to provide parties the ability to potentially collect past due reimbursements. As
24 noted in its comments filed on February 22, 2016, AT&T Kentucky will need at

² New Cingular Wireless PCS, LLC d/b/a AT&T Mobility concurs with the direct testimony provided on behalf of AT&T Kentucky and will not file separate testimony.

1 least 65 days to notice its customers of an increase in monthly surcharges before
2 implementation of an increase. AT&T Kentucky would also require this same
3 interval should the Commission decide to decrease the current Lifeline support
4 amount from \$3.50 per line to \$2.00 per line, as this would result in an increase
5 to a Lifeline customer's out of pocket costs.

6 **II. FUTURE KUSF CONSIDERATIONS**

7
8 **Q. ONCE SOLVENCY TO THE KUSF IS RESTORED, SHOULD THE**
9 **COMMISSION CONTINUE THE KUSF AND IF SO, AT WHAT LEVELS OF**
10 **SHOULD OF KUSF SUPPORT TO LIFELINE CUSTOMERS?**

11
12 A. AT&T is not encouraging the Commission to make other changes to its KUSF
13 and state Lifeline program at this time. However, the Federal Communications
14 Commission ("FCC") is currently considering reforms to the federal Lifeline
15 program³. It is worth noting that in its May 1, 2012 order in KPSC Case No.
16 2012-00146, the Commission took steps to mirror the federal Lifeline reforms of
17 2012. Making substantial changes in the Kentucky Lifeline Program prior to
18 anticipated FCC reforms would likely put Kentucky out of sync with federal efforts
19 to bring the Lifeline program into the realities of the current telecommunications
20 marketplace.

21 **Q. WHAT IS THE FCC CONSIDERING THAT COULD IMPACT THE**
22 **COMMISSION'S LIFELINE REVIEW?**

23
24 A. The FCC is considering what level of support to continue providing through the
25 federal Lifeline program, including whether it should reduce support for mobile

³ FCC Notice of Proposed Ruled Making, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71 released June 22, 2015. See https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-71A1.pdf

1 voice only Lifeline service. With nearly 90% of today's Lifeline funds being paid
2 out for wireless services, the FCC actions in this area could have an important
3 impact on the Lifeline program.

4 The FCC is also considering the establishment of minimum service standards for
5 both broadband and voice service that providers would be required to meet to
6 obtain Lifeline reimbursement. The FCC's preliminary view is that such action will
7 extract the maximum value for the program thus benefitting the recipients and the
8 ratepayers who contribute to the program. These minimum service standards
9 may also be used by the FCC to remove any incentives for providers to offer
10 minimal, un-innovative services that do not meet consumer needs, but instead
11 benefit providers that continue to receive universal service fund support that
12 exceed their costs.

13 **Q. ARE THERE POTENTIAL FCC REFORMS THAT COULD IMPACT**
14 **DISTRIBUTIONS FROM THE FUND AND PRACTICES FOR REQUESTING**
15 **AND RECEIVING SUPPORT FROM THE FUND?**
16

17 **A.** Yes. The FCC has proposed to shift the responsibility of conducting Lifeline
18 eligibility determinations from Lifeline providers to a third party administrator in
19 order to further reduce waste, fraud and abuse in the Lifeline program. The FCC
20 is currently seeking comments on:

- 21 • Establishing a national verifier to make eligibility determinations and perform
22 other functions related to the Lifeline program.
- 23 • Leveraging efficiencies from other federal benefit programs and state
24 agencies that determine eligibility, and working with such programs and
25 agencies to educate consumers and potentially enroll them in the Lifeline
26 program.

- 1 • Whether a third-party entity can directly transfer Lifeline benefits to individual
- 2 consumers.
- 3 • Changing the programs through which consumers qualify for Lifeline to
- 4 ensure that those consumers most in need can receive support.
- 5 • Putting in place standards for eligibility documentation and state eligibility
- 6 databases.

7 Clearly, these and other potential federal Lifeline reforms may provide the
8 Commission with a new framework as it considers changes to the KUSF and
9 state Lifeline Program, the accuracy of reporting as well as practices for
10 requesting and receiving support from the KUSF.

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A. Yes.