

AT&T Kentucky
Kentucky PSC Case No. 2016-00059
Commonwealth of Kentucky Public Service Commission Staff's First
Request for Information to Parties that Received Payment from the
Kentucky Universal Service Fund ("KUSF")
Dated April 6, 2016
Item No. 1
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1. Provide the KUSF reimbursement forms submitted to the Commission and the Department of Finance and Administration from January 2014 to the present.

Response: See Attachment 1

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2. Provide the Federal Communication Commission ("FCC") Form 497 submitted to the FCC from January 2014 to the present.

Response: See Attachment 2

3. Refer to the Lifeline plans you filed with the Commission with your Application for Designation as an Eligible Telecommunications Carrier ("ETC"). State whether there have been changes to these Lifeline plans since the Commission entered an Order designating you as an ETC for the purpose of offering Lifeline service in Kentucky. If there have been changes to the Lifeline plans, provide:
- a. Copies of all Lifeline plans currently offered to Kentucky Subscribers.
 - b. For each new or modified Lifeline plan, explain in detail:
 - (1) How the current Lifeline plan modifies the Lifeline plan in effect when you were designated as an ETC;
 - (2) Whether the current Lifeline plan was offered in addition to Lifeline plans in effect when you were designated as an ETC.
 - c. An explanation for why existing Lifeline plans were changed or additional Lifeline plans were added.

Response: In its November 26, 1997 order in Administrative Case No. 360 , the Commission found that all incumbent local exchanges carriers should be designated as ETCs throughout their current services areas in Kentucky. As required by the order, BellSouth Telecommunications (now d/b/a AT&T Kentucky) filed its Lifeline tariff January 1, 1998 to reflect the Commission's order establishing Lifeline. Since AT&T Kentucky's initial tariff filing, AT&T Kentucky has made subsequent changes in its Lifeline plan to implement various Commission orders.

- a. Please see AT&T Kentucky's current Lifeline tariff included in this response as Attachment 3.
- b. 1) AT&T Kentucky's current Lifeline tariff (see Attachment 3) continues to provide for federal and state lifeline credits. However, the current plan differs from the plan AT&T Kentucky filed January 1, 1998 in the following key areas:
 - a. The per household definition was updated to reflect federal and state orders.
 - b. Increase in federal monthly Lifeline Support from \$5.25 to \$9.25. A Kentucky Lifeline credit of \$3.50 was added pursuant to Commission order.
 - c. Elimination of Link-up assistance pursuant to Commission order.
 - d. Pursuant to Commission orders, additional eligibility criteria have been added to include those customers qualifying under Temporary Assistance for Needy Families (TANF), National School Lunch Program's free lunch program (NSFL) or customers whose total gross annual income does not exceed 135% of the Federal Poverty Guidelines.
 - e. Lastly, resale provisions were added.
- 2) AT&T Kentucky's current Lifeline plan is a continuation of the Lifeline plan created when AT&T Kentucky was declared an ETC and filed its initial Lifeline tariff (effective January 1, 1998), except that it now reflects changes consistent with Commission orders since the original Lifeline plan was established.
- c. The AT&T Kentucky Lifeline plan was changed to reflect changes in Lifeline criteria and credit amounts consistent with Commission orders in Administrative Case No. 360 and Administrative Case No. 2012-00146.

4. If the Commission's decision is to maintain state Lifeline support for only voice service, describe how that decision would affect whether and how you provide Lifeline service in Kentucky.

Response: AT&T is not able to answer this question at this time, until it has had an opportunity to review and understand the FCC's pending Lifeline order, because the Kentucky Lifeline program is derived from, and therefore, closely intertwined with the federal Lifeline program. Specific to this question, the FCC has stated that the pending order will, among other things --

- Allow federal Lifeline support for stand-alone mobile or fixed broadband Internet access service, as well as bundled voice and data service packages;
- Set minimum standards for –
 - Fixed Internet access speeds and monthly usage allowances;
 - Phased-in mobile Internet access service and voice usage allowances, to be eligible for federal Lifeline support;
- Phase out support for stand-alone voice service; and
- Maintains the current \$9.25 monthly federal Lifeline support amount. *See* FCC Modernizes Lifeline Program for the Digital Age / New Rules Will Help Make Broadband More Affordable for Low-Income Americans (FCC March 31, 2016), <https://www.fcc.gov/document/fcc-modernizes-lifeline-program-digital-age>.

Hence, AT&T reserves comment until after it has had an opportunity to read and understand the FCC's pending Lifeline order. *See also* AT&T's response to Item. No. 5 in Staff's First Request for Information to All Parties.

5. Identify any cost-effective procedures that you believe should be implemented by the Commission to increase oversight of the Lifeline program.

Response: AT&T is not able to answer this question at this time, until it has had an opportunity to review and understand the FCC's pending Lifeline order, because the Kentucky Lifeline program is derived from, and therefore, closely intertwined with the federal Lifeline program. Specific to this question, the FCC has stated that the pending order will, "Build on 2012 reforms to close remaining vulnerabilities to waste, fraud and abuse," by establishing a third-party National Eligibility Verifier, which "removes the opportunity for providers to enroll ineligible subscribers." FCC Modernizes Lifeline Program for the Digital Age / New Rules Will Help Make Broadband More Affordable for Low-Income Americans (FCC March 31, 2016), <https://www.fcc.gov/document/fcc-modernizes-lifeline-program-digital-age>. How the National Eligibility Verifier will be implemented and its impact upon the Kentucky Lifeline program will not be known until the parties have had an opportunity to read and understand the pending federal Lifeline order. Accordingly, AT&T reserves comment until after it has had an opportunity to read and understand the FCC's pending Lifeline order.

6. If the Commission's decision is to change the amount of Lifeline support, state how soon upon the issuance of an Order by the Commission changing the Lifeline support amount that you are or anticipate being able to implement the changes on customer bills.

Response: As noted in AT&T's comments filed March 7, 2016, AT&T Kentucky is obligated to notify its customers before implementing an increase in the charges they pay. AT&T Kentucky must provide at least fifteen (15) days notice to its basic service customers, i.e. those who have retail telecommunications service consisting of a primary, single voice-grade line provided to the premises of a residence or business with the features and functions set forth in KRS 278.541(1)(a)-(c). For those customers whose terms of service are governed by a customer service agreement, AT&T Kentucky has a contractual obligation to provide thirty (30) days notice of the increase. So that all customers will receive such notice prior to the increase becoming effective, AT&T Kentucky will require sixty-five business days from the time of the Commission's order before the increase can become effective.

7. Provide, in detail, the methods employed to verify the eligibility of customers who participate in the Lifeline program.

Response:

- Customers who apply for Lifeline through a program-based process may qualify for Lifeline based on participating in a qualifying federal or state assistance program. All customers who apply for Lifeline through a program process must produce corroborating documentation with their signed Lifeline application. This documentation must be reviewed by back-office support representatives before that customer can be enrolled in Lifeline.
- Documents may include a photocopy of a benefits card (such as the SNAP electronic benefits transfer card, similar to a debit card).
- Customers who apply for Lifeline through an income-based process may qualify for Lifeline if their total household income falls within the guidelines of the FCC or the state in which the customer is applying for Lifeline when that state's requirements are different than the FCC. All customers who apply for Lifeline through an income standard must produce corroborating documentation with their signed Lifeline application. This documentation must be reviewed by the back-office support representatives before that customer can be enrolled in Lifeline.

7. (continued)

Response:

- Corroborating documentation includes, but is not limited to:
 - the prior year's state, federal, or tribal tax return
 - current income statement from an employer or paycheck stub
 - a Social Security statement of benefits
 - a Veterans Administration statement of benefits
 - a retirement/pension statement of benefits
 - an Unemployment/Workmen's Compensation statement of benefits
 - federal or tribal notice letter of participation in Bureau of Indian Affairs General Assistance
 - a divorce decree
 - child support document
- Once all internal reviews are complete, New Enrollments are submitted to the National Lifeline Accountability Database for final eligibility decision.

In order to determine if customers continue to be eligible for Lifeline service, AT&T annually recertifies the prior year's existing customer base. AT&T sends those customers a recertification letter and form.

- The annual recertification letter/form informs the customer that they have 30 days from the date of the letter in which to complete the recertification process and if the customer fails to complete the process, Lifeline support will be terminated.
- Customers who notify the company that they are no longer eligible for Lifeline will have their Lifeline support removed within 5 business days of notification.

7. (continued)

Response:

That said, the FCC has stated that the pending federal Lifeline order will, “[b]uild on 2012 reforms to close remaining vulnerabilities to waste, fraud and abuse,” by establishing a third-party National Eligibility Verifier, which “removes the opportunity for providers to enroll ineligible subscribers.” FCC Modernizes Lifeline Program for the Digital Age / New Rules Will Help Make Broadband More Affordable for Low-Income Americans (FCC March 31, 2016), <https://www.fcc.gov/document/fcc-modernizes-lifeline-program-digital-age>.

How the National Eligibility Verifier will be implemented and its impact upon the Kentucky Lifeline program will not be known until parties have had an opportunity to read and understand the pending federal Lifeline order.

Accordingly, while the information shared here summarizes AT&T’s eligibility verification processes today, these will be modified in light of the reforms the FCC is adopting and will be implementing as a result of the pending federal Lifeline order. AT&T cannot comment on specifics until after it has had an opportunity to read and understand the FCC’s pending Lifeline order.

8. State whether you have been subjected to FCC investigation, action, and/or penalties relating to participation in the Lifeline program. If you have been so subjected, provide in detail, including citations to the FCC action, the investigation, action, and/or penalties to which you were subjected.

Response: BellSouth Telecommunications, LLC was a party to a consent decree entered on April 29, 2015 in relation to an FCC investigation regarding the Lifeline program. A copy of the consent decree can be found at https://apps.fcc.gov/edocs_public/attachmatch/DA-15-485A1.docx

9. Describe, in detail, your current marketing programs for Lifeline service in Kentucky, including, but not limited to, person-to-person sales.

Response: A Lifeline article appears annually in AT&T Residential StarLines (bill insert). AT&T advertises the availability of Lifeline using radio spots and state net (a network of smaller radio stations) in targeted low-income areas throughout the southeast region. The 60 second radio spots run the second week of September annually in conjunction with Lifeline Awareness Week.