

**COMMONWALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of

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

**DIRECT TESTIMONY OF TED HECKMANN
ON BEHALF OF CINCINNATI BELL TELEPHONE COMPANY LLC**

1 Q. Please state your name and business address.

2 A. My name is Ted Heckmann. My business address is 221 East Fourth Street, 10th
3 Floor, Cincinnati, Ohio 45202.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Cincinnati Bell Telephone Company LLC (“CBT”) as
6 Managing Director, Regulatory & Governmental Affairs.

7 Q. How long have you been employed by CBT and in what capacities?

8 A. I will have my 36th service anniversary with CBT on March 9, 2016. I have
9 worked in the following disciplines during my 36 years of employment with CBT: Service
10 Costs, Capital Recovery, Rates & Tariffs, Separations, Revenue Requirements, Budgeting &
11 Planning, Financial Analysis, Accounting, Contracting/Pricing, Sales Compensation, Docket
12 Management, Government Affairs, Federal Regulatory Matters and State Regulatory Matters.

13 Q. What are your current duties with CBT?

14 A. I am responsible for CBT’s Regulatory and Government Affairs Department.

15 Q. Please describe your educational background.

16 A. I have a B.S. in Business Administration, Concentration in Accounting, from
17 Bowling Green State University and an MBA from Xavier University.

18 Q. Do you currently hold any professional licenses?

19 A. Yes, I am a registered CPA (inactive) in Ohio, CPA #28498.

20 Q. Have you every presented testimony before the Commission?

21 A. Yes.

22 Q. On whose behalf are you testifying in this proceeding?

23 A. Cincinnati Bell Telephone (CBT).

1 Q. What is the purpose of your testimony in this matter?

2 A. I am responsible for ensuring that CBT is compliant with all State and Federal
3 laws as they pertain to the Lifeline program requirements. I present CBT's positions on the
4 policy issues that have been identified by the Commission.

5 Q. What is Cincinnati Bell's position with respect to the need for continuing the
6 KUSF?

7 A. CBT recognizes the value that the additional Lifeline benefit provides those in
8 Northern Kentucky who would otherwise be unable to afford quality telephone service.
9 However, CBT has concerns with the solvency of the KUSF due in large part to the participation
10 of Wireless Lifeline providers in the market place and the financial strain that has been placed on
11 the KUSF as a result of its funding mechanisms. CBT must reserve judgment on whether to
12 support continuation of the KUSF until the long term funding for the KUSF has been resolved
13 and until the FCC has completed its reform of the federal Lifeline Program. Beyond fixing the
14 immediate financial shortfalls in the KUSF, CBT recommends that the Commission postpone
15 any significant change to the KUSF program until the FCC completes its assessment of the
16 federal Lifeline program. I understand that the FCC has a number of issues under review,
17 including whether to reduce support for wireless service, the potential establishment of minimum
18 service standards, and the delegation of eligibility determinations to a third party.

19 Q. What is Cincinnati Bell's position with respect to the possibility of reducing the
20 amount of KUSF support?

21 A. CBT understands that the Commission has calculated that to maintain the existing
22 \$3.50 reimbursement rate, the monthly per-line contribution rate must be increased from \$0.08 to
23 \$0.14 or support levels will need to be decreased. This small increase would be less disruptive to

1 the status quo than a sudden decrease in the Lifeline benefit to those who can least afford it. CBT
2 is hopeful that the Commission will have a long term funding solution to the KUSF within a
3 matter of months.

4 Q. What is Cincinnati Bell's position with respect to the procedure for reviewing
5 distributions from the KUSF to determine the accuracy of distribution?

6 A. CBT would like to reserve comment on the review of the distributions from the
7 KUSF at this time or until more information is available. CBT is unaware of any major problem
8 with line verification, but certainly supports making Lifeline beneficiaries and service providers
9 who draw from the fund accountable, so long as unreasonable administrative burdens are not
10 created.

11 Q. What is Cincinnati Bell's position with respect to the future funding of the
12 KUSF?

13 A. CBT is in favor of the near-term increase in the Lifeline contribution rate to \$0.14
14 as a necessary step to keep the KUSF solvent. Any future increases in the contribution rate
15 would have to be judged on the circumstances that exist at the time. An automatic increase to
16 the contribution rate to balance withdrawals from the fund could become problematic if it would
17 overburden those supporting the program. The Commission should follow the FCC's lead to
18 remove the barriers to solvency (e.g., examining or reducing the support to wireless Lifeline
19 providers).

20 Q. What is Cincinnati Bell's position with respect to the procedure for reviewing
21 distributions from the KUSF to determine the accuracy of the distributions?

1 A. CBT would like to reserve comment on this question until the FCC has explored
2 the possibility of shifting the responsibility from the Lifeline provider to a third party
3 administrator in order to reduce waste, fraud, and abuse from Lifeline providers.

4 Q. What is Cincinnati Bell's position regarding the future practices that should be
5 employed for requesting and receiving support from the KUSF?

6 A. CBT has already implemented the FCC's new rules on document retention as they
7 relate to Lifeline customers' applications, identity verification, eligibility documentation, etc.
8 CBT is compliant with the electronic storage of this sensitive information as well as the security
9 protocols prescribed by the FCC's rules. CBT believes that Kentucky should randomly check
10 Lifeline providers to ensure that they are compliant with these rules and procedures as to
11 minimize the waste, fraud, and abuse within the Lifeline program.

12 Q. How will these practices for requesting and receiving support ensure the accurate
13 reporting of lines receiving Lifeline support and requested KUSF support?

14 A. CBT believes that proper record keeping practices as well as timely monthly
15 account maintenance on all Lifeline subscribers are an invaluable part for ensuring accuracy
16 within the Lifeline program. Spot checks on these practices will ensure that providers are
17 managing the program efficiently.

18 Q. Does this conclude your testimony?

19 A. Yes