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AUG 15 2008

PUBLIC SERVICE
COMMISSION

VIA FEDERAL EXPRESS

Ms. Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RE: An Inquiry Into Universal Service and Funding Issues
Administrative Case No. 360

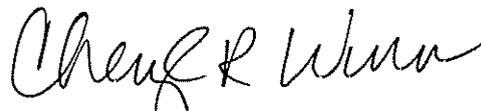
Dear Ms. Stumbo:

Pursuant to the Commission's May 24, 2007, Order in the above-referenced case, the Commission found that Eligible Telecommunications Carriers ("ETC's") are to verify eligibility for their entire lifeline subscribership and file the audit results no later than August 15 annually.

On July 11, 2008, AT&T filed its Motion for Extension of Time to Submit Annual Subscribership Audit Results of Kentucky Lifeline Eligibility. By Order dated July 23, 2008, the Commission advised that no later than August 15, 2008, AT&T Kentucky and all other ETCs shall submit a status report regarding the progress made on concluding the annual Lifeline audit report. Also, for all ETCs unable to submit their completed Lifeline reports by August 15, 2008, status reports shall be submitted to the Commission every 30 days thereafter until the Lifeline audit is concluded.

In late July, the Kentucky Cabinet sent AT&T a Memorandum of Understanding (MOU), nearly identical to the one executed in 2007, requesting that AT&T provide edits to that MOU reflecting the use of AT&T's on-line verification process. The edited MOU was sent to the Kentucky Cabinet last week. AT&T received a further request from the Kentucky Cabinet on August 11, 2008, requesting details (such as file formats, password information, and AT&T's web site) necessary to execute AT&T's on-line verification process. Based on the negotiations between the Kentucky Cabinet and AT&T over the last several weeks, it appears both parties are making progress in working toward an agreed upon on-line verification process. Once the agreement is executed, AT&T Kentucky should be in a position to complete the audit.

Sincerely,



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