

Cheryl R. Winn
Attorney At Law

February 5, 2007

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PUBLIC SERVICE
COMMISSION

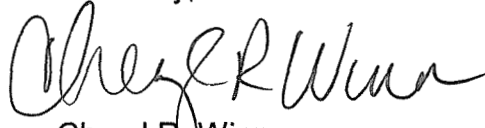
Ms. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

Re: Ronald B. Blackburn, Complainant v. BellSouth Telecommunications, Inc.
d/b/a AT&T Kentucky, Defendant
PSC 2006-00027

Dear Ms. O'Donnell:

Enclosed for filing in the above-captioned case are the original and ten (10) copies of the Answer of BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky.

Sincerely,


Cheryl R. Winn

cc: Party of Record

666640

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

RONALD B. BLACKBURN)	
)	
COMPLAINANT)	
)	
v.)	CASE NO.
)	2007-00027
BELLSOUTH TELECOMMUNICATIONS, INC.)	
D/B/A AT&T KENTUCKY)	
)	
DEFENDANT)	

**ANSWER OF BELLSOUTH TELECOMMUNICATIONS, INC.
D/B/A AT&T KENTUCKY**

BellSouth Telecommunications, Inc., d/b/a AT&T Kentucky (“AT&T Kentucky”), by counsel, for its answer to the complaint of Ronald B. Blackburn (“Mr. Blackburn”), states as follows:

The Complaint filed by Mr. Blackburn alleges that the combined bill discount, \$3.00, that he had received on the wireless portion of his telephone statements through December 5, 2006, was discontinued as a result of the AT&T/BellSouth merger. Mr. Blackburn demands that effective January 5, 2007, the \$3.00 monthly credit be reinstated or that the charge for his Cingular wireless service be reduced by \$3.00 to \$26.99.

AT&T Kentucky denies that the \$3.00 credit was removed as a result of the merger. To the contrary, the \$3.00 credit was removed when Mr. Blackburn called the AT&T Kentucky business office and cancelled features that made his account eligible for the discount. The \$3.00 discount credit was received under a promotion, the “Consumer Wireless Combined Bill Reward

Offer,” (“Combined Bill Reward”) filed with and accepted by the Kentucky Public Service Commission on January 14, 2004, whereby any customer who had a 1FR and subscribed to two features was eligible for the discount. *See Exhibit 1 Promotion* filed with the Commission on December 18, 2003. The Commission accepted the Combined Bill Reward promotion by letter dated January 14, 2004. *See Exhibit 2, PSC letter accepting the promotion dated January 14, 2004.* The Commission subsequently granted extensions of the Combined Bill Reward promotion to BellSouth in 2005 and 2006. *See Exhibits 3, 4, and 5. (Letters dated January 6, 2005, and March 31, 2005, and February 7, 2006, respectively).*

AT&T Kentucky’s records indicate that Mr. Blackburn has been a Cingular Wireless customer since July 2002. His first Cingular combined bill was April 2004 and printed on his May 5, 2004, AT&T Kentucky bill. His combined bills during that period did not qualify for any reward or discount. Beginning with the October 2005 Cingular bill, which printed on the November 5, 2005, AT&T Kentucky bill, Mr. Blackburn received a 10% Combined Bill Reward off his Cingular Wireless service. The Combined Bill Reward was identified on the Cingular portion of the AT&T Kentucky bill as a separate line item and read: “BS 10% Discount -\$3.00.” The reward description changed to: “Combined Bill Disc” on the April 2006 Cingular bill which printed on the May 5, 2006, AT&T Kentucky bill. AT&T Kentucky records indicate that Mr. Blackburn was receiving, on his landline account, the Call Waiting Deluxe and Caller ID Deluxe features at no cost for one year as a good will measure because a BellSouth vendor had not provided the customer a quote that included taxes and mandated fees. Mr. Blackburn was advised he would receive these features at no charge for only a 12 month period. It was the addition of the two features (even though they were provided as a goodwill gesture at no cost to

Mr. Blackburn) that qualified Mr. Blackburn for eligibility to receive the \$3.00 Combined Bill Reward under AT&T Kentucky's Commission-accepted promotion.

AT&T Kentucky's records further indicate that Mrs. Blackburn called the business office on December 8, 2006, and placed a change order to remove the Call Waiting Deluxe and Caller ID Deluxe features from the account effective December 11, 2006, because charges for the features appeared on the Blackburn's bill. AT&T Kentucky's records further indicate that Mr. Blackburn was advised on this very same call that removing the features would make his account ineligible for the Combined Bill Reward on his Cingular service. Mr. Blackburn declined this opportunity to maintain the features on his account because AT&T Kentucky would require him to pay for the features. Once the two optional features were removed from Mr. Blackburn's account, the account no longer met the minimum qualifying criteria for the Combined Bill Reward and the \$3.00 credit was appropriately removed from his account. Subsequently, the Combined Bill Reward notation and \$3.00 credit did not appear on his January 5, 2007, bill.

As a result of Mr. Blackburn's December 8, 2006, PSC informal complaint, Consumer Care personnel, supporting AT&T Kentucky spoke to Mr. Blackburn acknowledging the complaint and explained that because he had requested the two optional features be removed from his account, the account no longer qualified for the discount. Mr. Blackburn advised Consumer Care that he had no interest in adding the optional features back to his account unless the company would again agree to provide the features to him free of charge for another year. Consumer Care declined to provide Mr. Blackburn with the features free of charge for a second year. As a second good will measure, Consumer Care provided Mr. Blackburn a 30-day local service adjustment of \$43.34 on his account. The adjustment was made on December 18, 2006. On December 19, 2006, Mr. Blackburn filed his formal Complaint with the Commission.

In an effort to resolve Mr. Blackburn's Complaint, on January 26, 2007, AT&T Kentucky's Customer Appeals Manager offered Mr. Blackburn an adjustment of \$36.00 which equates to a \$3.00 discount on his Cingular Wireless service for one year. Mr. Blackburn declined the offer but made a counter offer whereby he would dismiss the Complaint if AT&T Kentucky would give him the two features he had cancelled, Caller ID Deluxe and Call Waiting Deluxe, free for a lifetime or receive a \$3.00 lifetime credit on his Cingular Wireless service. AT&T Kentucky declined Mr. Blackburn's offer.

The issue presented by this Complaint is whether Mr. Blackburn is entitled to receive the 10% Combined Bill Reward. Pursuant to the terms of the promotion filed with and accepted by the Commission, the Combined Bill Reward requires subscription to a 1FR and two qualifying features. Mr. Blackburn's telephone account simply no longer qualifies for the \$3.00 Combined Bill Reward promotion discount, because Mr. Blackburn cancelled the features which gave rise to eligibility for the discount.

FIRST DEFENSE

1. The Complaint fails to state a cause of action upon which relief can be granted and should, therefore, be dismissed.

SECOND DEFENSE

2. The Complaint is barred by the applicable promotion governing the Combined Bill Reward Promotion filed and accepted by this Commission.

THIRD DEFENSE

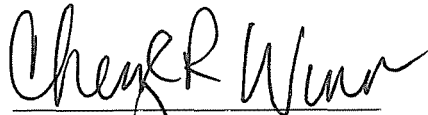
3. With regard to the allegations contained in paragraph (c) of the Complaint, AT&T Kentucky admits only that a separate line item "BS 10% Discount - \$3.00" appeared on Mr. Blackburn's AT&T Kentucky bill on the Cingular portion of the bill from October 2005 until

April 2006 and then the reward description changed to "Combined Bill Disc" on the April 2006 through December 2006 bills. AT&T also admits that on December 8 a service representative advised Mr. Blackburn that he would lose the Combined Bill Reward on his Cingular service when the optional features were removed. AT&T further admits that no such discount or reward appeared on Mr. Blackburn's January 5, 2007, billing statement. AT&T Kentucky affirmatively states Mr. Blackburn's account no longer meets the eligibility requirements for the Combined Bill Reward promotion. AT&T Kentucky denies the remaining allegations contained in paragraph (c) of the Complaint.

4. All allegations contained in the Complaint not specifically admitted are denied.

WHEREFORE, AT&T Kentucky respectfully requests that this Complaint be dismissed and held for naught and that AT&T Kentucky be granted any and all other relief to which it may appear entitled.

Respectfully submitted,



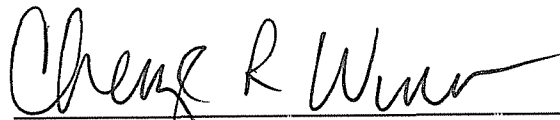
Mary K. Keyer
Cheryl R. Winn
601 W. Chestnut Street, Room 407
P.O. Box 32410
Louisville, KY 40232
Telephone: (502) 582-1475
Facsimile: (502) 582-1573
mary.keyer@bellsouth.com
cheryl.winn@bellsouth.com

COUNSEL FOR BELLSOUTH
TELECOMMUNICATIONS, INC.,
D/B/A AT&T KENTUCKY

CERTIFICATE OF SERVICE -- KPSC 2006-00027

It is hereby certified that a true and correct copy of the foregoing was served on the following individual by mail, this 5th day of February, 2007.

Ronald B. Blackburn
690 Twin Creek Road
Sadieville, KY 40370



Cheryl R. Winn



BellSouth Telecommunications, Inc 502-582-2164
4th Floor FAX 502-582-8667
601 W Chestnut Street
Louisville, KY 40203

Tony Taylor
Director
Regulatory & External Affairs

Tony Taylor@bellsouth.com

December 18, 2003

Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: 64-1511

Dear Mr. Dorman:

On November 18, 2003, we notified you of a new wireless retention promotion that we intend to offer to residence customers. This promotion has now been named the Consumer Wireless Combined Bill Reward Offer. During the promotional period of January 2, 2004 through December 27, 2004, residence customers who also subscribe to Cingular Wireless Service and combine their BellSouth and Cingular Wireless bills will receive a 10% discount off their Cingular Wireless plan. The offer is limited to Cingular Wireless Plans up to \$99.99.

Specific provisions and limitations of this promotion are as follows:

1. Services included in this promotion are:
 - Basic Exchange service (1FR) plus 2 Features
 - Area Plus® service
 - BellSouth® Complete Choice® service family of products
 - Cingular Wireless service
2. Participating customers must currently subscribe to both BellSouth landline service with a minimum of a 1FR plus 2 features and have an active Cingular Wireless account.
3. The following features are exempt and do not qualify towards the 1FR + 2 features minimum: Call Forwarding Busy Line, Call Forwarding Don't Answer, Message Waiting Indicator, *98.

All BellSouth marks contained herein are owned by BellSouth Intellectual Property Corporation.

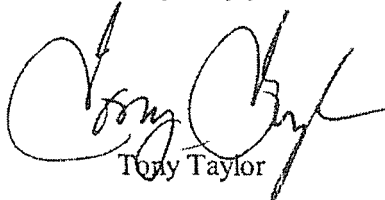
Thomas M. Dorman
December 18, 2003
Page 2 of 2

4. The offer will allow the customer to either move to a BellSouth® AnswersSM wireless plan that will include a 10% discount off the customer's new Cingular monthly recurring charge or to receive a discount off their existing Cingular Wireless plan's monthly recurring charge if they would be willing to allow BellSouth to combine their bills for the local and wireless services that are offered.
5. BellSouth may discontinue or modify this promotion at any time.

An analysis of the rates and costs associated with this promotion is attached. Please see the enclosed petition for confidential treatment of sensitive competitive information.

If there are any questions concerning this proposal, please call Jim Tipton at 502-582-8925.

Very truly yours,



Tony Taylor

Wireless Combined Bill Offer

Product	Recurring Revenue	Recurring Cost	Margin \$	Recurring Discount	Recurring Revenue	Non-Recurring Cost	Non-Recurring Gain/(Loss)	Recurring Breakeven (mos.)
IFR	\$ 22.96	\$ (16.46)	\$ 6.50	\$ (3.28)	\$ 42.00	\$ (36.59)	\$ 5.41	Immediate
BPP	\$ 37.91	\$ (19.85)	\$ 18.06	\$ (3.28)	\$ 42.00	\$ (36.59)	\$ 5.41	Immediate
CC	\$ 40.00	\$ (19.85)	\$ 20.15	\$ (3.28)	\$ 42.00	\$ (36.59)	\$ 5.41	Immediate
CC - 2 Line	\$ 63.45	\$ (39.70)	\$ 23.75	\$ (3.28)	\$ 57.00	\$ (51.58)	\$ 5.42	Immediate
CC - 3 Line	\$ 90.45	\$ (59.55)	\$ 30.90	\$ (3.28)	\$ 72.00	\$ (66.57)	\$ 5.43	Immediate
AP	\$ 44.50	\$ (25.31)	\$ 19.19	\$ (3.28)	\$ 42.00	\$ (36.59)	\$ 5.41	Immediate
AP w/ CC	\$ 56.00	\$ (28.70)	\$ 27.30	\$ (3.28)	\$ 42.00	\$ (36.59)	\$ 5.41	Immediate
AP w/ CC - 2 Line	\$ 86.45	\$ (57.40)	\$ 29.05	\$ (3.28)	\$ 57.00	\$ (51.58)	\$ 5.42	Immediate
AP w/ CC - 3 Line	\$ 123.45	\$ (86.10)	\$ 37.35	\$ (3.28)	\$ 72.00	\$ (66.57)	\$ 5.43	Immediate

Private/Proprietary
Not for disclosure outside BellSouth without written agreement

Wireless Combined Bill Offer

Product	Recurring Revenue	Recurring Cost	Margin \$	Recurring Discount	Non- Recurring Revenue	Non- Recurring Cost	Non- Recurring Gain/(Loss)	Breakeven (mos.)
IFR	\$ 22.96				\$ 42.00			
BPP	\$ 37.91				\$ 42.00			
CC	\$ 40.00				\$ 42.00			
CC - 2 Line	\$ 63.45				\$ 57.00			
CC - 3 Line	\$ 90.45				\$ 72.00			
AP	\$ 44.50				\$ 42.00			
AP w/ CC	\$ 56.00				\$ 42.00			
AP w/ CC - 2 Line	\$ 86.45				\$ 57.00			
AP w/ CC - 3 Line	\$ 123.45				\$ 72.00			

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST FOR CONFIDENTIAL TREATMENT)
OF THE REVENUE ANALYSIS FILED WITH)
THE PROPOSED CONSUMER WIRELESS)
COMBINED BILL REWARD OFFER OF BELL SOUTH)
TELECOMMUNICATIONS, INC., FILED WITH)
THE COMMISSION ON DECEMBER 18, 2003)

CONFIDENTIALITY PETITION
PURSUANT TO 807 KAR 5:001 SECTION 7

Petitioner, BellSouth Telecommunications, Inc., ("BellSouth"), hereby moves the Public Service Commission of the Commonwealth of Kentucky (the "Commission"), pursuant to KRS 61.878 and 807 KAR 5:001, §7, to classify as confidential the following described information:

Information highlighted with transparent ink in the Attachment filed with the above-referenced promotion.

The Kentucky Open Records Act exempts certain commercial information from the public disclosure requirements of the Act. KRS 61.878 (1)(c)(1). To qualify for this commercial information exemption and, therefore, keep the information confidential, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of the party seeking confidentiality if openly disclosed. KRS 61.878 (1)(c)(1); 807 KAR 5:001, §7. The Commission has taken the position that the statute and rules require the party to

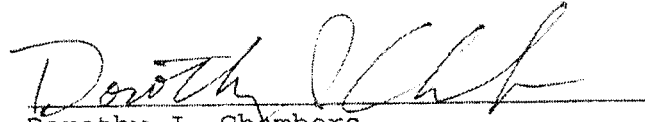
demonstrate actual competition and a likelihood of competitive injury if the information is disclosed.

In this filing, BellSouth is proposing to promote local basic exchange service to residence customers. The revenue information is valuable to competitors and potential competitors in formulating strategic plans for entry, pricing, marketing and overall business strategies concerning these services. Disclosure of this information would give BellSouth's competitors an unfair business advantage over BellSouth since they could determine the expected market reaction to a promotional offering. BellSouth's competitors for local basic exchange service include alternate access providers, resellers, and interexchange carriers. The Commission has approved interconnection agreements between BellSouth and numerous telecommunications companies.

BellSouth recognizes that this information may be helpful to the Commission. However, to require that this information be divulged to BellSouth's competitors creates substantial unfair disadvantage to BellSouth. In addition, the Commission should accord confidential treatment to this information for the following reasons:

- (1) The information as to which BellSouth is requesting confidential treatment is not known outside of BellSouth;
- (2) The information is not disseminated within BellSouth and is known only by those

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Dorothy J. Chambers", is written over a horizontal line.

Dorothy J. Chambers
601 W. Chestnut Street, Room 407
P. O. Box 32410
Louisville, KY 40232
(502) 582-8219

COUNSEL FOR BELLSOUTH
TELECOMMUNICATIONS, INC.

518452



Ernie Fletcher
Governor

LaJuana S. Wilcher
Secretary

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460

January 14, 2004

Tony Taylor
BellSouth Telecommunications, Inc.
Fourth Floor
601 West Chestnut Street
Louisville, KY 40203

RE: Filing No. T 64-1511
Special Promotion offering a new wireless retention to residence customers.

Dear Mr. Taylor:

The above referenced filing has been received and reviewed. An accepted copy is enclosed for your files.

Sincerely,

A handwritten signature in cursive script that reads "Dennis Brent Kirtley".

Dennis Brent Kirtley
Tariff Review Branch Manager

Enclosure
pan

RECEIVED JAN 7 2005



Ernie Fletcher
Governor

Lajuana S. Wilcher
Secretary

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460

January 06, 2005

Tony Taylor
BellSouth Telecommunications, Inc.
Regulatory and External Affairs
601 West Chestnut Street
Louisville, KY 40203

RE: Filing No. **TFS2004-01617**
KY2003-208e Advance Notice (Extend an existing promotion) New Promotion
called: 1Q05 Consumer Combined Bill Reward Promotion

Dear Tony Taylor:

The above referenced filing has been received and reviewed. An accepted copy is enclosed for your files.

Sincerely,


Dennis Brent Kirtley
Tariff Review Branch Manager

Ernie Fletcher
Governor



LaJuana S. Wilcher
Secretary

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460

March 31, 2005

Tony Taylor
BellSouth Telecommunications, Inc.
Regulatory and External Affairs
601 West Chestnut Street
Louisville, KY 40203

RE: Filing No. **TFS2005-00174**
KY2003-208ee -- 2Q05 Consumer Combined Bill Reward Promotion. (Extension of
previously approved promotion: See TFS2004-01617.)

Dear Tony Taylor:

The above referenced filing has been received and reviewed. An accepted copy is enclosed for your files.

Sincerely,

Dennis Brent Kirtley
Dennis Brent Kirtley
Tariff Review Branch Manager

Ernie Fletcher
Governor



LaJuana S. Wilcher
Secretary

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Public Service Commission
211 Sower Blvd.
P O Box 615
Frankfort, Kentucky 40602-0515
Telephone: (502) 564-3940
Fax: (502) 564-3460

FEB 07 2006

February 07, 2006

Tony Taylor
BellSouth Telecommunications, Inc.
Regulatory and External Affairs
601 West Chestnut Street
Louisville, KY 40203

RE: Filing No. **TFS2005-02128**
KY2005C1012 -- Extension of existing promotion, "2Q05 Consumer Combined Bill
Reward Promotion." (See TFS2005-00174)

Dear Tony Taylor:

The above referenced filing has been received and reviewed. An accepted copy is enclosed for your files.

Sincerely,


Dennis Brent Kirtley
Tariff Review Branch Manager