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July 14, 2011

RECEIVED

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PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

Re: Ballard Rural Telephone Cooperative Corporation, Inc., et al.,  
Complainants v. BellSouth Telecommunications, LLC, d/b/a AT&T  
Kentucky, Defendant  
PSC 2011-00199

Dear Mr. Derouen:

Enclosed for filing in the above-referenced case are the original and ten (10) copies of Answer of AT&T Kentucky.

Please let me know if you have any questions.

Sincerely,

  
Mary K. Keyer

Enclosures

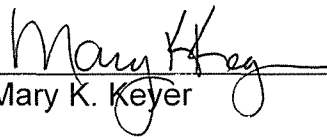
cc: Party of Record

925658

CERTIFICATE OF SERVICE – PSC 2011-00199

I hereby certify that a copy of the foregoing was served on the following individual by mailing a copy thereof via U.S. Mail, this 14th day of July 2011.

Honorable John E. Selent  
Attorney at Law  
Dinsmore & Shohl LLP  
Suite 2500  
101 South Fifth Street  
Louisville, KY 40202

  
\_\_\_\_\_  
Mary K. Keyer

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:	)	
	)	
BALLARD RURAL TELEPHONE	)	
COOPERATIVE CORPORATION, INC.; ET AL.	)	
	)	CASE NO.
COMPLAINANTS	)	2011-00199
	)	
v.	)	
	)	
BELLSOUTH TELECOMMUNICATIONS, LLC	)	
D/B/A AT&T KENTUCKY	)	
	)	
DEFENDANT	)	
	)	
	)	

**ANSWER OF AT&T KENTUCKY**

Pursuant to the Order of the Public Service Commission of Kentucky (“Commission”) issued on July 5, 2011, in the above-captioned case, BellSouth Telecommunications, LLC d/b/a AT&T Kentucky (“AT&T Kentucky”), provides its Answer to the Formal Complaint filed on May 24, 2011, by Ballard Rural Telephone Cooperative Corporation, Inc.; Brandenburg Telephone Company; Duo County Telephone Cooperative Corporation, Inc.; Foothills Rural Telephone Cooperative, Inc.; Gearheart Communications Co., Inc.; Highland Telephone Cooperative, Inc.; Logan Telephone Cooperative, Inc.; Mountain Rural Telephone Cooperative Corporation, Inc.; North Central Telephone Cooperative Corporation; Peoples Rural Telephone

Cooperative, Inc.; South Central Rural Telephone Cooperative Corporation, Inc.; Thacker-Grigsby Telephone Company, Inc.; and West Kentucky Rural Telephone Cooperative Corporation, Inc. (collectively, "RLECs").

AT&T Kentucky asks the Commission to expedite the processing and resolution of this case due to the significant amount of traffic at issue that is rapidly increasing at a steady pace each month. Although it is filed against AT&T Kentucky, the RLECs' Complaint is at bottom a complaint about the traffic that Halo Wireless, Inc. ("Halo") is terminating with the RLECs after it transits through AT&T Kentucky's tandem switches. In Kentucky, Halo is listed on the Commission's website as a cellular company and its interconnection agreement with AT&T Kentucky only allows it to send wireless-originated, commercial mobile radio service ("CMRS") traffic to AT&T Kentucky. Halo appears, however, to be engaged in an access-avoidance scheme in which it sends significant amounts of wireline-originated, non-CMRS, non-local traffic to AT&T Kentucky. AT&T Kentucky is as much of a financial victim of this scheme as the RLECs.

The Commission should expedite the handling of this case to "stop the bleeding" that has occurred and continues to occur as long as Halo continues to engage in what appears to be an access-avoidance scheme.

For its Answer to the Complaint, AT&T Kentucky states as follows:

**First Defense**

The Complaint fails to state a claim upon which relief can be granted.

### **Second Defense**

The Complaint should be dismissed for failure to join a party under CR 19 of the Kentucky Rules of Civil Procedure.

### **Third Defense**

Halo Wireless, Inc., or another carrier is responsible for compensating Plaintiffs for the Halo traffic to the extent such traffic is not intrastate intraLATA toll traffic as defined in and covered by the Kentucky Restructured Settlement Plan ("KRSP") among AT&T Kentucky and the RLECs.

### **Fourth Defense**

Upon information and belief, AT&T Kentucky's ability to unilaterally block the Halo traffic at issue in this case is limited by the Order released on June 28, 2007, by the Federal Communications Commission in *In the Matter of Establishing Just and Reasonable Rates for Local Exchange Carriers, Call Blocking by Carriers*, WC Docket No. 07-135, DA 07-2863 ("*FCC Blocking Order*").

### **Fifth Defense**

Any finding in favor of the RLECs for the compensation of Halo transit traffic, other than intraLATA toll traffic covered by the KRSP, must be paid by Halo or some other carrier.

### **Sixth Defense**

AT&T Kentucky is not the originator of the Halo traffic at issue in this case and is, therefore, not liable for compensating the RLECs for such traffic except as otherwise provided for in the KRSP.

### **Seventh Defense**

To the extent the traffic at issue is traffic not covered by the KRSP, Halo or some other carrier, and not AT&T Kentucky, is responsible for compensating the RLECs under the RLECs' applicable access tariffs or other agreement, if any, entered into between Halo or another carrier and the RLECs.

### **Eighth Defense**

For its responses to the specific allegations set forth in the Complaint, AT&T Kentucky states as follows:

1. Upon information and belief, AT&T Kentucky admits the allegations in Paragraphs 1(a) through 1(m) of the Complaint.

2. AT&T Kentucky admits the allegations in Paragraph 2 of the Complaint except that due to a company restructuring, effective July 1, 2011, the proper company name is BellSouth Telecommunications, LLC d/b/a AT&T Kentucky. AT&T Kentucky further states that the address of its principal place of business in Kentucky is 601 W. Chestnut Street, Louisville, Kentucky 40203.

3. AT&T Kentucky admits that the alleged facts regarding the Complaint are set forth in the RLECs' Complaint. Answering further, AT&T Kentucky states that the Complaint concerns transit traffic for which AT&T Kentucky does not owe compensation to the RLECs, and denies the remaining allegations in Paragraph 3 of the Complaint to the extent they allege facts inconsistent with AT&T Kentucky's answer.

4. Paragraph 4 states conclusions of law to which AT&T Kentucky need not respond.

5. Paragraph 5 states conclusions of law to which AT&T Kentucky need not respond.

6. Paragraph 6 states conclusions of law to which AT&T Kentucky need not respond.

7. Paragraph 7 states conclusions of law to which AT&T Kentucky need not respond.

8. AT&T Kentucky denies that it has done anything to warrant the RLECs' refusal or termination of service to AT&T Kentucky, and states that the remaining allegations in Paragraph 8 state conclusions of law to which AT&T Kentucky need not respond.

9. AT&T Kentucky denies the allegations in Paragraph 9 of the Complaint.

10. In response to the allegations in Paragraph 10 of the Complaint, AT&T Kentucky admits that, pursuant to 47 U.S.C. § 252(i), it allows eligible carriers to opt into existing Section 251/252 interconnection agreements with AT&T Kentucky, and that these agreements sometimes contain provisions regarding AT&T Kentucky's transiting of traffic to other carriers. AT&T Kentucky further states that whether it is reimbursed for such transiting, and at what rate, depends on the terms of the applicable agreement. Further, AT&T Kentucky admits it transits the Halo traffic to the RLECs over the common transport trunk groups between it and the RLECs, and denies the remaining allegations in Paragraph 10 of the Complaint.

11. In response to the allegations in Paragraph 11 of the Complaint, AT&T Kentucky states that effective May 15, 2010, Halo adopted the interconnection agreement of another carrier with AT&T Kentucky ("Halo ICA") pursuant to federal law,

and admits that it has sent and continues to send traffic from Halo to the RLECs for termination. AT&T Kentucky further states that its unilateral right to block the Halo traffic is limited by the *FCC Blocking Order*.

12. AT&T Kentucky admits that it has its own concerns about the nature of Halo's traffic and that it has been attempting to resolve those concerns with Halo, and is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 12 of the Complaint.

13. In response to the allegations in Paragraph 13 of the Complaint, AT&T Kentucky states that the traffic it is transiting for Halo to the RLECs should not be billed to AT&T Kentucky under the KRSP to the extent the traffic is not intraLATA switched toll traffic covered by the KRSP for which AT&T Kentucky must compensate the RLECs. AT&T Kentucky admits that upon information and belief, it appears that much of Halo's traffic is not wireless-originated CMRS traffic, but instead is wireline-originated interstate and interLATA traffic, or intraLATA toll traffic for which AT&T Kentucky is not liable to the RLECs under the KRSP, and for which Halo or another carrier is liable to the RLECs. Accordingly, the RLECs must seek compensation from Halo or some other carrier for terminating this traffic. AT&T Kentucky denies the remaining allegations in Paragraph 13 of the Complaint.

14. In response to the allegations in Paragraph 14 of the Complaint, AT&T Kentucky admits Halo established connections with AT&T Kentucky under the terms of the Halo ICA, and that AT&T Kentucky did not have and did not provide any advance notice to the RLECs regarding the volume or type of Halo traffic AT&T Kentucky would



be delivering to the RLECs. AT&T Kentucky denies the remaining allegations in Paragraph 14 of the Complaint.

15. AT&T Kentucky admits the Agreement attached as Exhibit B to the Complaint provided for the RLECs to credit AT&T Kentucky for CMRS traffic delivered to the RLECs' networks and that the RLECs have continued to give AT&T Kentucky credit for CMRS traffic based on AT&T Kentucky's call detail records. AT&T Kentucky further states that the KRSP referenced in Paragraph 15 of the Complaint speaks for itself, and denies the remaining allegations in Paragraph 15 of the Complaint. AT&T Kentucky affirmatively states that to the extent the Halo traffic is not intraLATA toll traffic as defined in and covered by the KRSP, the RLECs must seek compensation directly from Halo or some other carrier.

16. In response to the allegations in Paragraph 16 of the Complaint, AT&T Kentucky states that under the Halo ICA, Halo may only send wireless-originated, CMRS traffic to AT&T Kentucky, but that much of the traffic Halo sends to it does not appear to be authorized by the ICA. AT&T Kentucky further states that after its own investigation it appears that most of the Halo traffic is not CMRS traffic. AT&T Kentucky is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 16 of the Complaint and, therefore, denies the same.

17. In response to the allegations in Paragraph 17 of the Complaint, AT&T Kentucky admits that the RLECs have not given it credit on their invoices for traffic sent from Halo. AT&T Kentucky further states that based on its own concerns that the Halo traffic it delivers to the RLECs is not wireless-originated CMRS traffic it is taking steps to

obtain Halo's compliance with the requirements of its ICA with AT&T Kentucky. AT&T Kentucky denies it is improperly withholding payment in contravention of the RLECs' access tariffs or is unjustly withholding payment or disputing charges for the Halo traffic, and is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 17 of the Complaint and, therefore, denies the same.

18. In response to the allegations in Paragraph 18 of the Complaint, AT&T Kentucky admits it has not compensated the RLECs for the Halo transit traffic, but denies that such action is improper, and states that the emails attached as Exhibits C and D referenced in Paragraph 18 of the Complaint speak for themselves.

19. AT&T Kentucky denies the allegations in Paragraph 19 of the Complaint and further states that it shares the RLECs' concerns about Halo's traffic.

20. AT&T Kentucky is without knowledge or information sufficient to form a belief as to the truth of the allegations in footnote 3, therefore, denies the same, and admits the remaining allegations in Paragraph 20 of the Complaint.

21. AT&T Kentucky states that the terms of the Halo ICA speak for themselves and denies the remaining allegations in Paragraph 21 of the Complaint.

22. AT&T Kentucky states that the section of the Halo ICA referenced in Paragraph 22 of the Complaint speaks for itself.

23. AT&T Kentucky states that the Halo ICA referenced in Paragraph 23 of the Complaint speaks for itself and denies that it has any obligation to compensate the RLECs for the Halo traffic.

24. AT&T Kentucky denies the allegations in Paragraph 24 of the Complaint.

25. AT&T Kentucky denies the allegations in Paragraph 25 of the Complaint.

26. AT&T Kentucky denies the allegations in Paragraph 26 of the Complaint.

27. AT&T Kentucky denies the allegations in Paragraph 27 of the Complaint.

28. AT&T Kentucky denies the allegations in Paragraph 28 of the Complaint.

29. AT&T Kentucky denies the allegations in Paragraph 29 of the Complaint.

30. AT&T Kentucky denies the allegations in Paragraph 30 of the Complaint.

31. AT&T Kentucky denies the allegations in Paragraph 31 of the Complaint.

32. AT&T Kentucky denies the allegations in Paragraph 32 of the Complaint.

33. AT&T Kentucky denies the allegations in Paragraph 33 of the Complaint.

34. AT&T Kentucky denies the allegations in Paragraph 34 of the Complaint.

35. AT&T Kentucky denies the allegations in Paragraph 35 of the Complaint.

36. AT&T Kentucky denies the allegations in Paragraph 36 of the Complaint.

37. In response to the allegations in Paragraph 37 of the Complaint, AT&T

Kentucky admits that the amounts at issue for which Halo or another carrier, and not AT&T Kentucky, is responsible are substantial and are rapidly increasing each month. AT&T Kentucky, therefore, urges the Commission to resolve this matter in an expeditious manner in the interests of all parties involved.

38. AT&T Kentucky states that the terms of the Halo ICA speak for themselves and denies the remaining allegations in Paragraph 38 of the Complaint.

39. AT&T Kentucky denies the allegations in Paragraph 39 of the Complaint.

40. AT&T Kentucky denies the allegations in Paragraph 40 of the Complaint and affirmatively states that if any compensation is due the RLECs for the CMRS and

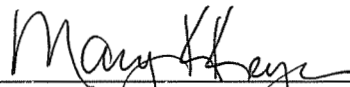
interstate or interLATA wireline traffic at issue, Halo or another carrier is the responsible party.

41. AT&T Kentucky denies that the RLECs are entitled to any of the relief requested in the Wherefore clause of the Complaint.

42. AT&T Kentucky denies any and all allegations in the Complaint that are not expressly admitted herein.

WHEREFORE, having responded to the Complaint, AT&T Kentucky respectfully requests that the Commission:

- (a) expedite the processing of this case,
- (b) schedule an informal conference as quickly as possible,
- (c) issue an Order denying the relief requested in the Complaint, and
- (d) grant such further relief as the Commission deems just and proper.



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