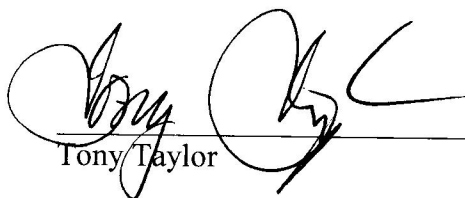


VERIFICATION

I, Tony Taylor, Executive Director of External Affairs for AT&T Kentucky, do hereby state that I have read the foregoing Responses to First Requests for Information and that the facts and information therein are true and accurate to the best of my knowledge, information and belief and that they were formed after a reasonable inquiry from the records and files kept by AT&T Kentucky in the regular and ordinary course of business and from interviews of appropriate employees of AT&T Kentucky.



Tony Taylor

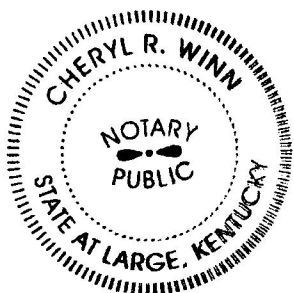
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing document was presented before me by Tony Taylor, who is personally known to me, and I further certify that s/he signed and acknowledged the same to be her/his true act and deed in due form of law.

Witness, my hand, this the 26th day of April 2016.



Notary Public, KY, State-At-Large
My commission expires: May 27, 2017



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 in AT&T's Response to Public Service Commission's Staff's First Request for Information to Parties that Received Payment from the Kentucky Universal Service Fund ("KUSF") Request Item 1.

2. Explain how the total number of subscriber lines is calculated for the KUSF reimbursement form when a new customer receives service in the middle of a month.

Response: Subscriber lines reported on Line 1 of the KUSF reimbursement form historically represents the number of access lines in service at the end of the report month. If a customer receives new service in the middle of a reporting month, that access line is reported on the reimbursement form.

The amount of surcharges remitted to the KUSF that is reported on Line 3 of the KUSF reimbursement form represents the actual amount billed to customers during the month. This method factors in customer churn during the month.

3. Explain how the total number of subscriber lines is calculated for the KUSF reimbursement form when a customer leaves in the middle of a month.

Response: Subscriber lines reported on Line 1 of the KUSF reimbursement form historically represents the number of access lines in service at the end of the report month. If a customer leaves in the middle of a reporting month, that access line is not reported on the reimbursement form.

The amount of surcharges remitted to the KUSF that is reported on Line 3 of the KUSF reimbursement form represents the actual amount billed to customers during the month. This method factors in customer churn during the month.

4. Explain how the KUSF surcharge remittance is calculated when you experience a bad debt. Explain whether none of the surcharge amount or the full surcharge amount billed to, but not paid by, the customer is remitted.

Response: AT&T Kentucky's remittances are based on activity journalized to a liability account on the Company books that captures KUSF surcharges billed to customers. To the extent that this billing activity is not collected and is written off, the remittances to the KUSF are net of those write offs.

5. State whether you believe the Commission should wait until the FCC's Investigation of Lifeline Reform¹ is concluded before rendering a decision in this proceeding, and explain the basis for your response.

Response: Yes, this this Commission should hold off further activity in this proceeding until the parties have had an opportunity to read and understand the pending Federal Communications Commission (“FCC”) rulemaking decision.

By way of background, on March 31, 2016, the FCC voted to adopt an order modernizing and reforming the federal Lifeline program. According to a news release the FCC issued regarding the order, the 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.
- Establish a third-party National Eligibility Verifier;
- Set a budget of \$2.25 billion for the federal Lifeline program, indexed to inflation; 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>.

¹*See Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42; *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No 09-197; *Connect America Fund*, WC Docket No. 10-90

5. (continued)

Response:

The FCC's Lifeline order is pending release as of this date, such that the parties to this proceeding are unable to comment on the specifics of the federal order, or its impact upon the Kentucky Lifeline program (as well as a number of the specific requests for information made in this proceeding), until they have had an opportunity to read and digest the federal order. It is clear, however, that the federal Lifeline order will have a significant impact upon Lifeline in Kentucky, as the Kentucky Lifeline program is derived from, and therefore closely intertwined with, the federal Lifeline program. In order to maximize coordination with the federal program, and minimize differences with the federal Lifeline program, as appropriate, the Commission should hold off further activity in this proceeding to allow interested parties to read and understand the pending Lifeline order. This approach would also appropriately conserve the Commission's and parties' resources, as any positions and/or decisions made at this time would likely need to be revisited in light of the federal order. It would be more judicious and efficient to consider the issues raised in this proceeding once, after the specifics of the federal order are known.

The Commission has already issued an order in this proceeding raising the Kentucky Lifeline Surcharge from \$0.08 to \$0.14 per line per month. *See Order, In the Matter of: An Inquiry into the State Universal Service Fund*, Case No. 2016-00059 (entered March 10, 2016). Because the Commission's action addresses the immediate KUSF fund solvency issues, the Commission should now have the time to proceed in the manner recommended here.

6. State how soon upon the issuance of an Order by the Commission changing the KUSF surcharge that you are or anticipate being able to implement the changes on customer bills. If it differs by type of account, provide the information for each type of account, along with the number of access lines for each account type.

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.