BEFORE THE KENTUCKY
PUBLIC SERVICE COMMISSION

In the Matter of:

An Inquiry Into the State Universal Service Fund	))	Case No. 2016-00059

RESPONSE OF AT&T KENTUCKY

BellSouth Telecommunications, LLC d/b/a AT&T Kentucky ("AT&T Kentucky") respectfully submits this Response to the Commission's February 1, 2016 request for comments on how best to maintain solvency for the Kentucky Universal Service Fund ("KUSF"). Fundamentally, AT&T Kentucky does not object to the Commission's proposal to temporarily raise the KUSF monthly per-access line charge from $.08 to $.14 in order to preserve the solvency of the KUSF in the near term.

However, the timing of the increase is of concern, only because 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.[1]

[1] Once the Commission issues an order, AT&T will develop appropriate notice language and feed it to the various billing systems used to bill services subject to the surcharge. Those systems, in turn, will slot the notice into the next available billing cycle where there is space available to include the notice information. AT&T, like all other carriers, issues bills throughout the month. If the Commission issues its order in the middle of a bill cycle, and if all

The Commission cannot grant AT&T a waiver to eliminate or shorten the requisite notice periods, as services provided to many AT&T Kentucky subscribers are no longer subject to the Commission's jurisdiction. *See* KRS 278.010; KRS 278.544; KRS 278.5435; KRS 278.5411; *and* KRS 278.5462. As indicated above, AT&T Kentucky's notice obligations to those customers are controlled by customer service agreements, not Commission regulations. AT&T Kentucky is obligated to give its customers full notice in accordance with its contractual commitments.

AT&T Kentucky is not encouraging the Commission to make other changes to its KUSF and Lifeline program at this time. Rather, those considerations can be deferred until the FCC completes its reform of the federal Lifeline program.[2] The FCC docket is assessing, for example, what level of support to continue providing through the federal Lifeline program, and whether it should reduce support for mobile voice only Lifeline service.[3] The FCC is also considering the establishment of minimum service standards carriers would be required to meet to obtain support, because, in the FCC's preliminary view, such action will extract the maximum value for the program, benefitting both the recipients as well as the ratepayers who contribute to the USF. The FCC also is considering minimum service standards that will remove the incentive for

---

available space in the next billing cycle has already been claimed to provide, for example, federally-mandated notice information, or to satisfy an annual notice requirement, or for some other purpose, then notice regarding the KUSF surcharge increase might not begin for six weeks or so. Once the notices begin to appear in customer bills, it will take a full billing cycle to cover all customers. The increase cannot be made effective until 30 days after the last customers in that billing cycle receive their notification.

[2] *In the Matter of Lifeline and Linkup Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, and Connect America Fund, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order* (FCC 15-71, WC Docket Nos. 11-42, 09-197 and 10-90) (rel. June 22, 2015).

[3] *Id*. at ¶¶ 52-53.

providers to offer minimal, un-innovative services that do not meet consumer needs, but, rather, benefit providers that continue to receive universal service fund support that exceed their costs.[4]

The FCC has further proposed to shift the responsibility of conducting Lifeline eligibility determinations from the Lifeline providers to a third party administrator in order to further reduce waste, fraud and abuse in the Lifeline program.[5] One proposal before it would establish a national verifier to review consumers' proof of eligibility and certification forms, as well as be responsible for determining prospective subscribers' eligibility.[6]

After the Commission achieves its immediate objective to restore the KUSF to solvency, it will want to stay apprised of reforms being considered by the FCC for the federal Lifeline program. Because the KY Lifeline program is derived from and therefore closely intertwined with the federal Lifeline program, any changes the FCC makes at the federal level may well require changes to the Kentucky Lifeline Program as well. In the interest of encouraging voluntary provider participation in Lifeline to maximize the choices available to participating consumers, AT&T strongly supports Lifeline rules and processes that are as uniform as possible nationwide. This Commission should, therefore, review the Kentucky program after the FCC acts. But those are matters for another day.

There is no question that the Kentucky telecommunications market continues to change dramatically as traditional landline customers switch their services to alternative technologies. Reasonable projections show that less than twenty-five percent (25%) of Kentucky homes have traditional landline service. Support for Lifeline recipients with traditional landline service represents only about ten percent (10%) of the Lifeline fund. These changes in the landscape of

---

[4] *Id*. at ¶ 34.
[5] *Id*. at ¶ 63.
[6] *Id*. at ¶ 65.

technology use since the implementation of the Kentucky Lifeline Program strongly suggest that the program should be reviewed and adapted to ensure that it continues to accomplish its intended purpose.

Respectfully submitted,

/s/ Cheryl Winn

Waters Law Group, PLLC
12802 Townepark Way, Suite 200
Louisville, KY 40243
Telephone: (502) 425-2424
Facsimile: (502) 425-9724
crwinn@waterslawgroup.com

FILING NOTICE AND CERTIFICATE

The undersigned hereby certifies that the foregoing is a true and accurate copy of the same document being filed in paper medium with the Commission within two business days; that the electronic filing was transmitted to the Commission on February 22, 2016; and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

/s/ Cheryl R. Winn