

Cheryl R. Winn
Attorney At Law

January 13, 2009

VIA FEDERAL EXPRESS

RECEIVED

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

JAN 14 2009
PUBLIC SERVICE
COMMISSION

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

Dear Mr. Derouen:

On July 23, 2008, the Commission ordered all Eligible Telecommunications Carriers ("ETCs") that were unable to complete their Lifeline audit by August 15, 2008, to submit a status report every 30 days regarding the progress made on concluding the Lifeline audit report. Pursuant to the Commission's July 23 Order, BellSouth Telecommunications Inc. d/b/a AT&T Kentucky ("AT&T Kentucky") submits its status report.

In late July, the Commonwealth of Kentucky Cabinet for Health and Family Services (the "Cabinet") sent AT&T Kentucky a Memorandum of Understanding (MOU), nearly identical to the one executed between the parties in 2007, and requested AT&T Kentucky provide edits to that MOU reflecting the use of AT&T Kentucky's on-line verification process. The Cabinet reviewed the submitted changes and provided an executed MOU to AT&T Kentucky. AT&T Kentucky executed the MOU and returned it to the Cabinet. AT&T Kentucky downloaded its KY Lifeline subscriber list; provided a digital secure ID to the Cabinet; and, forwarded a password to the Cabinet to access the Lifeline subscriber file. The AT&T KY Lifeline subscriber file was processed on December 8, 2008. Following are the 2008 results compared to those of the 2007 audit:

	<u>2007 Verification</u>	<u>2008 Verification</u>
Number of Lifeline Customers	25,576*	25,507*
Number who do not initially qualify and were sent a request for additional documentation	7,722	4,122

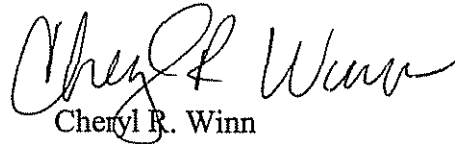
* These numbers include resale accounts that drop out of the process.

Mr. Jeff Derouen
January 13, 2009
Page 2

AT&T sent letters to those Lifeline subscribers deemed ineligible requesting qualifying documentation within 60 days in order to continue receiving the Lifeline credit. AT&T should complete the Lifeline verification process in February 2009.

AT&T Kentucky will provide the Commission its next status report on or before February 16, 2009.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl R. Winn". The signature is written in black ink and is positioned above the printed name.

Cheryl R. Winn

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