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May 24, 2012

VIA HAND DELIVERY

FILED ELECTRONICALLY IN DOCKET OFFICE ON 05/24/12

Hon. Kenneth C. Hill, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Petition to Eliminate State Lifeline Credit*
Docket No. 12-00035

Dear Chairman Hill:

Enclosed are AT&T Tennessee's redacted responses to the Staff's May 14, 2012 Data Request. AT&T Tennessee is prepared to supply the proprietary information upon the entry of a protective order in this matter.

Very truly yours,

Joelle Phillips

Tennessee Regulatory Authority
Lifeline Credit Elimination
Petition to Eliminate State Lifeline Credit
Docket No. 12-00035
May 24, 2012
Page 1 of 1

Request 1 Provide the number of customers that receive the Lifeline credit from your company. Please separate this number into those subscribing to basic local exchange service and those subscribing to bundled services. If known, please identify the number of Lifeline subscribers of basic local exchange service that do not purchase custom calling features.

Response: The specific subscriber counts are proprietary and confidential, and this information is kept confidential when reported to the FCC. AT&T Tennessee provides this redacted version and will provide the redacted information upon entry of a protective order.

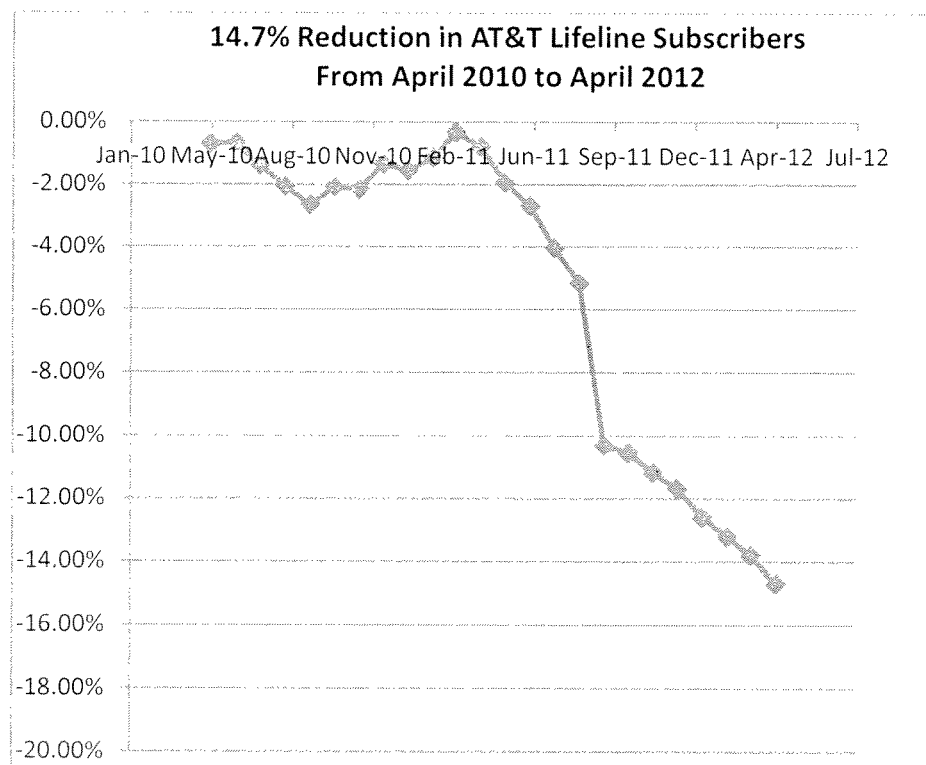
Retail: Retail customer “churn” is constant, and as a result AT&T can provide information based on an end-of-month “snapshot” of subscribers. As of the end of April 2012, AT&T Tennessee had **[REDACTED NUMBER]** retail subscribers who received the Lifeline discount. Of that total, approximately 75% subscribed to bundles or other non-basic services.

Wholesale: Although AT&T Tennessee is not responsible for funding the Lifeline discount provided by resellers, AT&T does have records demonstrating the number of services being purchased for resale to Lifeline subscribers. AT&T’s records reflect that as of April 2012, AT&T Tennessee was providing wholesale service, which was being resold to a total of **[REDACTED NUMBER]** customers. Of that total, approximately 90% of those services were bundles or other non-basic services. AT&T is unable to determine what portion, if any, of its UNE wholesale services are used by CLECs to provide services to Lifeline subscribers.

Request 2 Provide the amount of money expended by your company to provide the state-mandated Lifeline credit over the past year. If readily available, provide the amount expended for prior years.

Response: The specific subscriber counts are proprietary and confidential, and this information is kept confidential when reported to the FCC. AT&T Tennessee provides this redacted version and will provide the redacted information upon entry of a protective order.

See attached [redacted] spreadsheet titled *2012 Tennessee State Credit Financials.xlsx*, which states the monthly amounts of Lifeline discounts (calculated using the subscriber counts) provided April 2010 through April 2012 and shows that the number of AT&T Tennessee Lifeline subscribers has decreased over that time period by 14.7%. A graph showing the rate of that decrease is below.



AT&T Tennessee Lifeline State Credit Reimbursement April 2010-2012

		Subscribers	\$3.50	Total Reimbursement
		REDACTED		REDACTED
2010	April		\$3.50	
	May		\$3.50	
	June		\$3.50	
	July		\$3.50	
	Aug		\$3.50	
	Sept		\$3.50	
	Oct		\$3.50	
	Nov		\$3.50	
	Dec		\$3.50	
2011	Jan		\$3.50	
	Feb		\$3.50	
	March		\$3.50	
	April		\$3.50	
	May		\$3.50	
	June		\$3.50	
	July		\$3.50	
	Aug		\$3.50	
	Sept		\$3.50	
	Oct		\$3.50	
	Nov		\$3.50	
	Dec		\$3.50	
2012	Jan		\$3.50	
	Feb		\$3.50	
	Mar		\$3.50	
	April		\$3.50	

Request 3 Discuss the administrative costs associated with providing the state-mandated Lifeline credit. Would the administrative costs of providing the state-mandated Lifeline credit change if the credit were limited to smaller set of services or recipients than the currently required. Please describe and quantify any other cost savings if the relief requested in the Petition is granted.

Response: Without knowing how the Authority might alter the Lifeline program to limit the program to a smaller set of services or recipients, AT&T is unable to evaluate the potential change in administrative costs. AT&T does, however, note that compliance and oversight for any such program would continue to impose administrative burdens.

In addition to eliminating administrative costs associated with providing the state discount to retail customers, eliminating the state discount would reduce the disputes regarding resale of service. Even though the TRA has consistently ruled that providers (including resellers) must self-fund, there have been numerous disputes regarding that issue. These disputes generate costs and administrative burdens to both the TRA and to carriers. While the cost of these dockets is difficult to determine, from a qualitative perspective, it should be substantial given the time required to hear and resolve these dockets:

Docket 00-00230 03/16/00 to 02/02/01 9 months
Docket 00-01151 12/29/00 to 10/17/01 10 months
Docket 10-00007 01/08/10 to 05/08/12 17 months
Docket 10-00008 01/08/10 to 04/04/12 16 months

Request 4 If the Petition is approved, please describe how your company proposes to notify customers.

Response: AT&T would provide notice to retail customers in the same fashion used to notify customers of the recent FCC-mandated changes. AT&T provided this notice using a bill notice. No such notice would be needed for wholesale customers given the TRA's consistent ruling that all providers are responsible for self-funding the Lifeline discount.

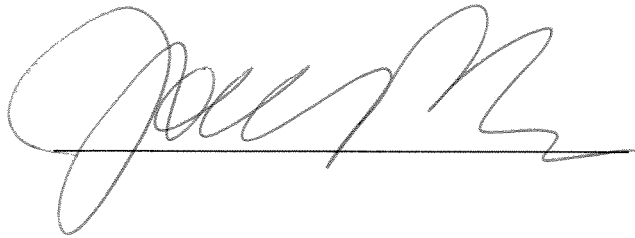
CERTIFICATE OF SERVICE

I hereby certify that on May 24, 2012, a copy of the foregoing document was served on the following, via the method indicated:

<input type="checkbox"/> Hand	Ms. Pamela Wescott
<input type="checkbox"/> Mail	CenturyLink
<input type="checkbox"/> Facsimile	620 Commerce Street, Suite 2605
<input type="checkbox"/> Overnight	Nashville, TN 37203
<input checked="" type="checkbox"/> Electronic	pam.a.wescott@centurylink.com
<input type="checkbox"/> Hand	Mr. Stan Pace
<input type="checkbox"/> Mail	Frontier Communications
<input type="checkbox"/> Facsimile	5003 S Miami Blvd
<input type="checkbox"/> Overnight	Durham, NC 27702
<input checked="" type="checkbox"/> Electronic	stan.pace@ftr.com
<input type="checkbox"/> Hand	Mr. Bruce Mottern
<input type="checkbox"/> Mail	TDS Telecom
<input type="checkbox"/> Facsimile	10025 Investment Drive
<input type="checkbox"/> Overnight	Knoxville, TN 37932
<input checked="" type="checkbox"/> Electronic	Bruce.mottern@tdstelecom.com
<input type="checkbox"/> Hand	Mr. Larry Drake
<input type="checkbox"/> Mail	TN Telecommunications Association
<input type="checkbox"/> Facsimile	150 Fourth Avenue North, Suite 480
<input type="checkbox"/> Overnight	Nashville, TN 37219
<input checked="" type="checkbox"/> Electronic	tta@dtccom.net
<input type="checkbox"/> Hand	Scott Seab, Esquire
<input type="checkbox"/> Mail	Level 3
<input type="checkbox"/> Facsimile	1025 Eldorado Blvd.
<input type="checkbox"/> Overnight	Broomfield, CO 80021
<input checked="" type="checkbox"/> Electronic	scott.seab@level3.com
<input type="checkbox"/> Hand	Charles B. Welch, Jr., Esquire
<input type="checkbox"/> Mail	Farris Mathews Bobango, PLC
<input type="checkbox"/> Facsimile	618 Church Street, Suite 300
<input type="checkbox"/> Overnight	Nashville, TN 37219
<input checked="" type="checkbox"/> Electronic	cwelch@farrismathews.com for tw telecom of tennessee llc

- ☐ Hand
- ☐ Mail
- ☐ Facsimile
- ☐ Overnight
- ☒ Electronic

Ryan McGehee, Esquire
Consumer Advocate Division
P. O. Box 20207
Nashville, TN 37202-0207
ryan.mcgehee@ag.tn.gov

A handwritten signature in black ink, appearing to read "Ryan McGehee", is written over a horizontal line.