

Loretto Telephone Company, Inc.

P.O. BOX 130 • 136 SO. MAIN STREET
LORETTO, TENNESSEE 38469

RECEIVED
2012 JUN -4 PM 3:36

T.R.A. DOCKET ROOM

May 31, 2012

David Foster
Chief of Telecommunications
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

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

Dear Mr. Foster:

Enclosed are Loretto Telephone Company, Inc. responses to the data that was requested on May 14, 2012.

If you have any questions, please give me a call.

Sincerely,



Desda K. Hutchins
Chief Financial Officer

Enclosures: 2

Question 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 know, please identify the number of Lifeline subscribers of basic local exchange service that do not purchase custom calling features.

Response:

The total numbers of customers that receive the Lifeline credit from April 1, 2012 to April 30, 2012 for Loretto Telephone Company, Inc. are as follows:

Total customers for April 2012	511
Customers with no custom calling features	63
Customers with DSL & custom calling features	147
Customers with DSL only	72
Customers with dial-up internet only	3
Customers with dial-up & custom calling features	4
Customers with Med-Alert only	4
Customers with basic and custom calling features	<u>218</u>
Total.....	511

Question 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 totals for the following years are:

June 2011 – May 2012	\$ 20,026.00
July 2011 – June 2010	\$ 18,948.00

Question 3

Discuss the administrative cost 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:

The administrative costs associated with providing the state-mandated Lifeline credits currently are minimal. Should the credit be limited to a smaller set of services or recipients, then programming costs, as well as administrative costs, associated with that change would be incurred.

No other cost savings would be gained, if the relief requested in the Petition is granted.

Question 4

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

Response:

We would send out a direct letter to our Lifeline customers.

Question 5

Please demonstrate that changes in revenue and cost savings from granting the relief requested in the Petition will not result in you company earning in excess of its authorized return.

Response:

The loss of revenue due to the reduction of intrastate access rates in parity with interstate access rates will far outweigh the minimal revenue gain related to the elimination of the State Lifeline credit.