

FILE



The
Legal Aid Society
of Cleveland
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FAX

Chief of Docketing
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215-3793

February 9, 2007

Re: *In re The Application of SBC Ohio for Approval of An Alternative Form of Regulation*
Case No. 02-3069-TP-ALT

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PUCO

Dear friends:

We are enclosing our legal filing in this case. This is Comments on the Waiver in this proceeding.

We are faxing this in today. Please file it today. We are mailing by overnight express the original and requisite copies. Other parties are being served.

We have also enclosed an envelope addressed back to us. Please time-stamp one of the enclosed copies and return this to us.

Let us know of any problems.

Thank you.

Very truly yours,

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application))
of SBC Ohio for Approval of)	Case No.02-3069-TP-ALT
an Alternative Form of Regulation)	

**COMMENTS
ABOUT THE WAIVER FILED BY AT&T
TO ALLOW ALL LIFELINE RECIPIENTS EASIER ACCESS
TO VERTICAL TELEPHONE FEATURES
FILED ON BEHALF OF
CONSUMERS FOR FAIR UTILITY RATES,
THE NEIGHBORHOOD ENVIRONMENTAL COALITION,
AND
THE EMPOWERMENT CENTER OF GREATER CLEVELAND**

Consumers for Fair Utility Rates, The Neighborhood Environmental Coalition, and the Empowerment Center of Greater Cleveland (hereinafter the "Citizens Coalition") file the following Comments to the Waiver Application recently filed by the AT&T Telephone Company (under the old name of "SBC"). The current Lifeline Program provides a discount of \$12.77 a month to those telephone customers who are eligible for the Program. Under the current program, Lifeline Customers can purchase the Call Waiting Feature at the rate charged generally by the telephone company and still qualify for Lifeline.

If customers need or want additional vertical features, such as Caller ID, they cannot purchase these, unless they individually and personally self- certify they need these additional features for "a health or safety" reason. While it is true some Lifeline

customers have been able to obtain these additional features through the self-certification process, other low-income customers have been faced with the dilemma whether to choose the lifeline discount, thus losing any features beyond Call Waiting, or, on the other hand, foregoing the discount while choosing these features. Furthermore, it has not been possible to use direct automatic enrollment of classes of eligible customers who now actually have and are paying for features in addition to Call Waiting—Caller ID seemingly the most prevalent feature. This is because, conforming to the current PUCO rules, before automatically enrolling eligible telephone users, AT&T must eliminate any customer who has a vertical feature beyond Call Waiting. We discuss this below.

The Citizens Coalition is generally in favor of the PUCO granting this Waiver, but these groups do have various concerns. A number of these have been raised in the filing by the Ohio Consumers' Council. While the Citizens Coalition acknowledges these concerns and their importance, the Coalition after weighing the advantages and disadvantages still favor the Waiver. The Citizens Coalition will first discuss their concerns about the Waiver and then they will discuss why they are still in favor of the Waiver being granted.

I. CONCERNS ABOUT THE WAIVER

These have been quite well raised and discussed in the OCC "Memorandum in Opposition to AT&T Ohio's Request for Waiver" filed on January 12, 2007. We certainly share the OCC fears and concerns. But we do not support some of the OCC recommendations, especially concerning recommending that AT&T should directly enroll people and then in the same communication require these customers either to give

back the lifeline discount, or keep the discount and give up their vertical features (other than Call Waiting), or keep the discount while providing a self-certification that they need their vertical features for "health and safety" reasons. We foresee--based upon our many years of experiences in helping families with various utility programs including E-HEAP, HEAP, PIPP, and Lifeline—that the OCC proposed process will turn out to be very confusing to customers. We would expect that customers will have many questions about this. Furthermore, what will happen to customers who do not respond at all? Will the lifeline credit be taken away? Or will they lose the vertical features they have (besides Call Waiting)? This could be an immense mess, upsetting and confusing to customers, rather than being seen as a help for low-income families.

But, as we have already stressed, OCC has raised a number of concerns and our Citizens Coalition has additional concerns. Let us begin.

First, OCC raises the issue that aggressive marketing may be targeted by AT&T toward poor people, who will then sign up for features they really do not need, add increased charges onto their telephone bill, thus "losing" the lifeline discount, and eventually even lose their telephone service because they cannot pay the higher bill. During our January 29th, 2007, Advisory Board meeting at which PUCO Commissioner Ronnie Fergus attended and provided us with excellent insights and thought-provoking questions, AT&T personnel assured us this was not the intent of the Company. AT&T Manager Becky Sutherland said it was not in the best interests of her company to load up customers with unneeded features that increased their bills to the point where they could not pay and then they would eventually become disconnected. We accept this understanding with AT&T.

We do know there has been a history with a business predecessor of AT&T which around 1999 did aggressively target low-income families. That is what led to the present restrictions and safeguards. But we think there have been some changes since then. First customers, including low-income families, have a much greater knowledge of these vertical features and whether they need and will use them. Many people have had extensive experiences with cell phones as well as landlines that have vertical features. People know which ones are useful to them and they are aware that these do cost money. Furthermore, the present AT&T company, as seen in the preceding discussion, is different from this predecessor and is more committed toward providing the communication services really required by low-income families. Furthermore, there are many community outreach groups now active in the AT&T lifeline program that can counsel low-income families about various telephone features and help them make wise choices. Finally, the Commission staff is well aware of this concern about aggressive marketing and they do monitor calls involving AT&T's customer sections. These staff should be able to safeguard customers against any massive aggressive marketing schemes.

Secondly, the Citizens Coalition understands from AT&T representatives that there are currently lifeline customers who have additional individual features, which actually could be obtained in a package at a lower rate. The package may even contain additional features that would be useful to the customers. However, under the present limitations, AT&T cannot explain to these customers their "true situation" and the economical options available to them,. This has been presented by AT&T to buttress their request for this Waiver.

The Citizens Coalition is just as concerned as AT&T about these customers. But how does AT&T propose to reach these customers and explain the options that are available? Could such contacts become the basis for selling further items to these customers, rather than helping them save by using bundling? The Citizens Coalition would like to see a method for informing these customers of their "real situation" and of their options for vertical services, without luring them into buying additional unneeded features that increase their monthly bills.

Thirdly, OCC has called for the collection of data relating to lifeline customers. One goal of this would be to ascertain the usage of vertical features by low-income families, the penetration of vertical features into this population, and whether the increased charges for such features puts these low-income customers at great risk of being disconnected. Everyone can agree that this would frustrate the whole purpose of the Lifeline program. Such data collection does not have to be set in stone with all its details before the waiver can be granted. But there should be some indication from the PUCO which would encourage the Company, the OCC, and low-income advocates and groups to work together in setting up such a study. This would be helpful in evaluating the effects of granting the Waiver, including any changes that might be needed later.

These are some of the concerns the Citizens Coalition has about the requested Waiver. However, these concerns do not convince the Coalition to oppose the waiver. Furthermore, in the next section the Citizens Coalition will discuss why they generally favor the granting of the waiver by The PUCO.

I. **REASONS WHY THE CITIZENS COALITION FAVORS THE WAIVER**

As stated initially, the Citizens Coalition does favor the granting of this Waiver. Moreover, the Coalition would urge prompt PUCO action. Here are the reasons why the Citizens Coalition supports the Waiver request.

First, Lifeline customers deserve to be treated the same as all other AT&T customers. All, except the lifeline customers, have ready and easy access to the vertical features which they think they need to meet their communication requirements. No substantive reason has been presented why the low-income families should be treated differently. Some may fear that these families will be tempted to select features they do not need. We think this fear is exaggerated. Low-income families, from our experiences, do know a great deal about these features, their uses, and their relatively high costs. These low-income families must budget every penny they have. Why should they waste their money on fairly expensive vertical features which serve no purpose?

Secondly, if the waiver is granted, it will be far easier to explain the lifeline program and enroll eligible applicants. There is no need for a community group representative to explain the whole process of self-certification with its "health and safety" requirement and then assist the customer in searching for such a need in order to be able to sign the self-certification form.

Thirdly, if the waiver request is granted, it will be much easier to use direct automatic enrollment in order to insure many more families obtain the lifeline credit. It is estimated that last year alone, when automatic enrollment was used on the HEAP enrollment lists, some 10,000 families who were eligible for lifeline could not be enrolled

because they had features in addition to Call Waiting. These families did not even know they could not be enrolled. Each family lost about \$150 a year in lifeline credits at \$12.77 a month. Altogether almost a Million and a Half dollars of lifeline credits did not reach these low-income eligible families. Furthermore, these families already had chosen the vertical features and were paying for them. In other words, these families under the waiver can now be enrolled in Lifeline and their actual monthly bills will be lower.

It should also be noted that these unused lifeline credits were not available for other uses in Ohio. Instead, these moneys either stayed in Washington, DC, or were dispersed to other States.

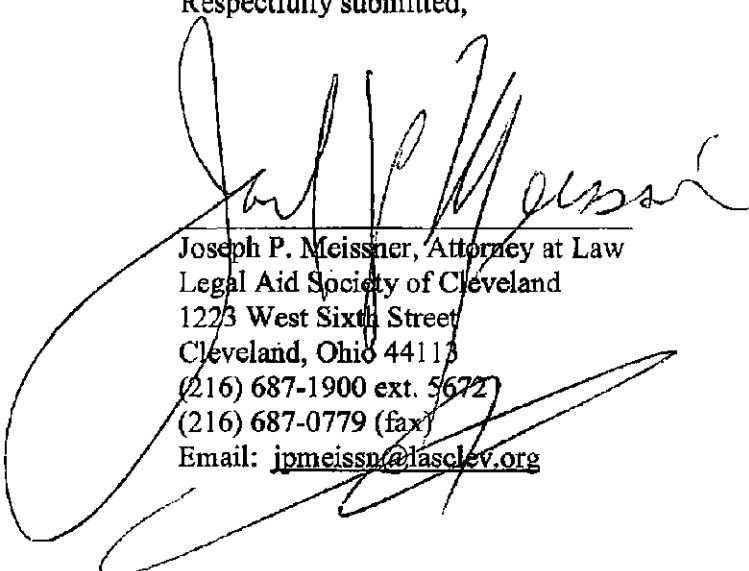
This same Automatic Enrollment Process can be used with other groups of eligible families, such as those in Ohio Works First, or on Food Stamps, or other Programs for low-income families. The Waiver can thus help many low-income families almost immediately. We understand that the Automatic Enrollment Process is about to be used for HEAP families. That is why we urge prompt action by the PUCO so that the waiver will be immediately useful to low-income families enrolled in HEAP.

III. CONCLUSION

We recognize the dangers and problems pointed out by OCC in their excellent Memorandum . The Coalition shares these concerns. But there are provisions in place that should protect lifeline customers against such dangers as aggressive marketing by any over-zealous purveyors of vertical telephone services. Furthermore, the granting of the waiver will greatly expand the numbers of eligible families who can be directly and

automatically enrolled in lifeline. The Citizens Coalition thus requests the PUCO to take prompt action in approving of the Waiver requested by AT&T.

Respectfully submitted,

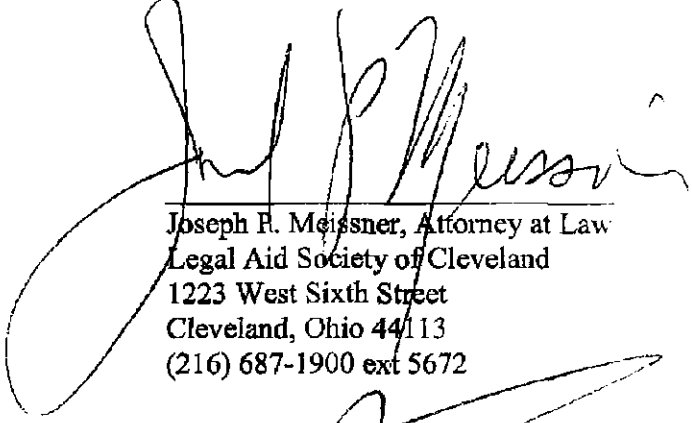


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments were served upon the addresses of those participating in this proceeding, by ordinary and first class mail, postage prepaid, on this 9TH Day of February 2007.



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