

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

7
RECEIVED-DOCKETING DIV
2007 JUN -4 PM 3:05
PUCO

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

AT&T OHIO'S MEMORANDUM CONTRA THE OFFICE OF CONSUMERS'
COUNSEL'S APPLICATION FOR REHEARING

AT&T Ohio, by its attorneys, submits this Memorandum Contra the Office of the Ohio Consumers' Counsel's ("OCC") Application for Rehearing of the Commission's Entry of April 25, 2007. The OCC's unwarranted advocacy for further protection of Lifeline eligible customers beyond what is already in place is baseless and its application should therefore be denied.

The OCC specifically argues that the Commission's April 25 Entry was unjust and unreasonable because "The PUCO erred by failing to require AT&T to collect data regarding (and for the protection of) Lifeline customers for a *reasonable time in advance* of the implementation of the waiver." Application at p. 1 (emphasis added). The OCC believes that the Entry should be modified to require the Company to collect baseline data first before it implements the waiver to use for comparison with the extraordinary amount of data that the Commission has required AT&T Ohio to collect later during the course of carrying out the waiver. The OCC's position amounts to nothing more than a delay tactic.

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business
Technician Am Date Processed 6/4/07

AT&T Ohio filed its request for waiver on January 12, 2007. The Commission issued its initial Entry on March 7th. On April 25th the Commission issued an Entry on reconsideration arising from a document filed by Parkview Areawide Seniors, Inc. After “weighing carefully all of the arguments in this case” (April 25th Entry at p. 2), the Commission determined that the requested waiver was in the best interests of current and future Lifeline customers. In granting the waiver (with limitations and conditions), the Commission acknowledged that the telecommunications marketplace has changed since the Commission first established the Lifeline restrictions years ago. The Commission further noted that packages of service have become common in the industry and some packages could provide significant cost savings to Lifeline customers. The Commission further stated in the Entry that AT&T Ohio would be permitted to market vertical services and packages to Lifeline eligible customers.

The Commission issued a press release on that same date, quoting Chairman Schriber as stating, “I believe it is important in this case to err on the side of the AT&T Ohio Lifeline Advisory Board and the significant number of outreach and social service agencies who strongly advocated in favor of the waiver.” See Attachment. Addressing the Commission’s rules, he further stated, “Equally important, Lifeline customers are protected from disconnection of their basic local service so long as their payment covers that service.”

The OCC now argues that its “alternative” to its primary position that there should be no waiver granted at all was unreasonably overlooked by the Commission. The OCC argues that the Commission should have delayed the effective date of the

waiver for “a period of months” (Application at p. 6) so that a baseline of data regarding disconnections in the absence of the waiver could be established.

The OCC argues that the April 25th Entry gave the Company “free rein in marketing vertical services to Lifeline customers.” (Application at p. 5). It irrationally concludes that the Company will aggressively market features to eligible Lifeline customers. Its tiresome argument is totally unsupported. Aggressive marketing would not be in AT&T Ohio’s best business interest. Lifeline customers should be handled as are any other residential customers when it comes to marketing the Company’s products and services. Packages are routinely offered and affiliate products, such as High Speed Internet, AT&T Wireless and DISH are offered when appropriate. The Company is sensitive to the needs of its customers and would be foolish to over-market its customers.

In today’s competitive market, caring for and addressing a customer’s concern is paramount to AT&T. The Company understands that failure to directly and timely satisfy a customer’s concern may lead to a customer terminating the call, and perhaps ultimately, to the customer terminating the business relationship with AT&T altogether and taking its business to a competitive provider.

The OCC also claims that without baseline data, the data that will be collected after the waiver is implemented will lack context. The Commission should dismiss this claim. In its April 25th Entry, the Commission directed the Company to continue collecting the data that it already reports to the Lifeline Advisory board. In addition, the Commission directed AT&T Ohio to provide on a monthly basis additional data information and work with the staff regarding the details. The categories of data include: disconnection for basic service and reason; disconnection for service with features and

reason; arrearage information for customers with only basic service; arrearage information for customers with features; number of customers with no features; number of customers with features; average bill customers with features disconnecting and reason; average number of vertical services and/or packages for customers with features who disconnect; and Lifeline enrollment data. The extent of information will be more than adequate to allow the Commission to carefully determine on balance whether the waiver should continue. Delaying the implementation of the waiver to collect baseline data would undermine the Commission's intent to recognize the significant number of outreach and consumer service agencies who voiced their support of the waiver.

This delay tactic simply demonstrates that the OCC is out of touch with the everyday wants and needs of its low-income constituents, and the consumer service agencies that support the waiver. In stark contrast to those supporting the waiver, the OCC believes low income customers are incapable of making appropriate budget decisions, and thus need to be protected from themselves. The OCC's proposal continues to ignore the pleas of the numerous outreach agencies and other consumer service agencies that low-income customers be treated no differently than other residential customers. These agencies repeatedly argued for the need of low-income customers to select features that meet their specific – and unique – wants and needs.

No good purpose would be served by denying the immediate benefits to Lifeline customers that the waiver would provide them. Based on the Commission's order and press release, failure to immediately implement would cause mass confusion and disappointment among Lifeline customers. The groundwork has been laid and the Commission should not reverse the direction of its April 25th Entry. It is appropriate to

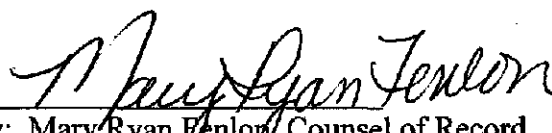
move forward and proceed with satisfying the Lifeline customers. Further, the OCC ignores the 10,000 auto-enrolled customers who immediately will receive Lifeline benefits. The Company needs to be permitted to address the customers who call its business office every day who want and need vertical features. The OCC's proposal is clearly at odds with the wants and needs of these customers, not to mention the other states and the Federal Communications Commission.

Conclusion

The OCC has failed to put forth any compelling argument or reason for the Commission to delay the Lifeline program modifications. AT&T Ohio pursued the waiver in good faith based on its support of and commitment to its current Lifeline customers and potential Lifeline customers. It is AT&T Ohio's hope and desire that it will be able to address and respond to the needs and desires of all Lifeline eligible customers. The Company will diligently collect the appropriate data so that the Commission can adequately evaluate the merits of the waiver. For these reasons, the Commission should deny the OCC's Application for Rehearing.

Respectfully submitted:

AT&T Ohio


By: Mary Ryan Fenlon, Counsel of Record
Jon F. Kelly
AT&T
150 E. Gay St. Room 4-A
Columbus, OH 43215
(614) 223-3302

Its Attorneys



The Public Utilities
Commission of Ohio

Ted Strickland,
Governor
Alan R. Schriber

**News Release
For Immediate Release**

Contact: Shana Eiselstein
Phone: (614) 466-7750

PUCO grants waiver to AT&T Ohio permitting lifeline customers to purchase select vertical features without self-certification

COLUMBUS, OHIO (April 25, 2007) – The Public Utilities Commission of Ohio (PUCO) today granted a waiver to AT&T Ohio that will enable lifeline customers to purchase optional services, either individually or in a package, from AT&T Ohio. These services, including caller ID, three-way calling and call waiting, may be purchased without certifying that the services are necessary for medical or safety reasons.

"I believe it is important in this case to err on the side of the AT&T Ohio Lifeline Advisory Board and the significant number of outreach and social service agencies who strongly advocated in favor of the waiver," PUCO Chairman Alan R. Schriber stated. "Equally important, lifeline customers are protected from disconnection of their basic local service so long as their payment covers that service."

The Commission's current rules require AT&T Ohio to maintain basic local service to a customer whose payment is sufficient to cover the price of basic local service, even if the payment is not sufficient to cover the other regulated and unregulated services that may be on the bill.

The waiver granted today also allows AT&T Ohio to market to lifeline eligible customers the same services it markets to all customers.

In granting the waiver today, the Commission acknowledged that the telecommunications marketplace has changed since the Commission first established the lifeline restrictions years ago. The Commission further noted that packages of service have become common in the industry and some packages could provide significant cost savings to lifeline customers. Currently, AT&T Ohio is not permitted to market such packages to lifeline eligible customers.

The waiver is granted on a trial period with the condition that AT&T Ohio collects data so that the Commission can closely monitor the company's lifeline statistics to ensure that lifeline customers benefit from the granted waiver. AT&T Ohio must file data monthly to the Commission staff and the AT&T Ohio Lifeline Advisory Board. The Commission will review the data in the future and determine the appropriateness of extending or terminating the waiver indefinitely.

A copy of today's Commission entry is available at www.PUCO.ohio.gov. Click on the link to Docketing Information System and enter the case number 02-3069-TP-ALT.

-30-

02-3069-TP-ALT

The Public Utilities Commission of Ohio (PUCO) is the sole agency charged with regulating public utility service. The role of the PUCO is to assure all residential, business, and industrial consumers have access to adequate, safe, and reliable utility services at fair prices while facilitating an environment that provides competitive choices.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via first class mail, postage prepaid, on the parties listed below on this 4th day of June, 2007.


Mary Ryan Fenlon

OHIO CONSUMERS' COUNSEL

David C. Bergmann
Terry L. Etter
Office of the Ohio Consumers' Counsel
10 W. Broad Street, Suite. 1800
Columbus, Ohio 43215

VERIZON

Thomas E. Lodge
THOMPSON HINE LLP
10 West Broad Street, Suite 700
Columbus, OH 43215-3435

CONSUMERS FOR FAIR UTILITY RATES, ET AL.

Joseph P. Meissner
The Legal Aid Society of Cleveland
1223 West Sixth Street
Cleveland, OH 44113

PARKVIEW AREAWIDE SENIORS, INC.

Doran McKeever, President
Parkview Areawide Seniors, Inc.
P. O. Box 14604
Cleveland, OH 44114