

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

HEARING #09-11035

JUNE 10, 2009

10:40 A.M.

ALLOWABLE EX PARTE BRIEFING

REQUESTED BY BELL SOUTH TELECOMMUNICATIONS, INC., D/B/A AT&T SOUTH CAROLINA - General overview of "Customer Choice and Technology Investment Act of 2009" (2009 Act No. 7).

**TRANSCRIPT OF
PROCEEDINGS**

VOLUME 1

HEARING BEFORE: Elizabeth B. 'Lib' FLEMING, *CHAIRMAN*, John E. "Butch" HOWARD, *VICE CHAIRMAN*; and COMMISSIONERS David A. WRIGHT, G. O'Neal HAMILTON, Swain E. WHITFIELD, Mignon L. CLYBURN, and Randy MITCHELL.

ADVISOR TO COMMISSION: Joseph Melchers, Esq.

STAFF: Jocelyn G. Boyd, Deputy Clerk; F. David Butler, Jr., Senior Counsel; Randall Dong, Esq., and Josh Minges, Esq., Legal Staff; Doug Pratt and Tom Ellison, Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM-GNSC, Court Reporter; and Deborah Easterling, Hearing Room Assistant.

APPEARANCES:

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P R O C E E D I N G S

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2 **CHAIRMAN FLEMING:** Please be seated. This ex
3 parte briefing will now come to order. At this
4 time, I would like to ask Attorney Melchers for the
5 reading of the briefing.

6 **MR. MELCHERS:** Thank you, Madam Chairman,
7 Commissioners. We are here today at an ex parte
8 briefing scheduled for June 10, 2009, at 10:30,
9 with a request from AT&T South Carolina to discuss
10 a general overview of the Customer Choice and
11 Technology Investment Act of 2009, 2009 Act No. 7.

12 **CHAIRMAN FLEMING:** All right. Thank you. At
13 this time, I would like to call on Attorney Turner
14 to give us our briefing.

15 **MR. TURNER:** Thank you Madam Chair and
16 Commissioners. I'm Patrick Turner; I represent
17 AT&T South Carolina, and I'll be making the
18 presentation today on behalf of the company. Ms.
19 Cindy Cox, our executive director of Regulatory is
20 out of town today, and in her absence Mr. Ted
21 Creech, our director of External Affairs is in
22 attendance.

23 On behalf of the company, I would like to
24 thank you all for granting our request to come and
25 talk to you about the new Act. I know that it's

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not required that you grant our request. I know your schedule is very busy, and we appreciate your taking the time to hear from us.

There are a couple of housekeeping matters I would like to take care of for the record, very briefly. First, I would like to note for the record that, in compliance with State Law, the Commission has posted a notice of this briefing on its website for at least five days prior to today.

Second, as you know, the statutes that govern these types of matters require the attendance of the Executive Director of Office of Regulatory Staff, or his designee. I would like to note for the record that Ms. Nanette Edwards of the ORS is attending in the capacity as the designee for the Executive Director, and we appreciate her doing so.

The same statutes require the timely filing of documents that accurately summarize the discussions during the briefing. To comply with that requirement, AT&T South Carolina has made arrangements with the Commission's court reporter to produce a transcript of this briefing on an expedited basis and provide that transcript within the statutory deadline to the ORS. We appreciate the cooperation of both the court reporter and the

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ORS in assisting with that.

Those statutes also require the timely filing of copies of any written materials that are utilized, referenced, or distributed during this briefing. I have here a list of documents that I intend to refer to during today's briefing, including the PowerPoint presentation that you see on the screen. The documents on this list are either attached as exhibits or they are available publicly on the Internet via the URL link that appears on this list.

Madam Chair, with your permission, I would like to submit the list and its attachments to the court reporter for inclusion in the record of the transcript.

CHAIRMAN FLEMING: All right. Yes.

MR. TURNER: [Indicating.]

COURT REPORTER: [Indicating.]

MR. TURNER: As you know, if any additional documents are referred to, even very generally, we all may have to scurry around and find copies of those over the next two days. Just by way of an example, if I or anyone else were to say something along the lines of, "A few months ago, I read an article in a magazine that said X, Y, and Z,"

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arguably, we'd have to go around and try to find that article and put it in the record. I will commit to keeping this in mind and do my best not to refer to any documents that I have not handed out, and I will simply ask that anyone else who has questions today keep that in mind, as well.

Finally, the statute governing these types of proceedings require all persons attending to timely file certain written certifications with the Office of Regulatory Staff. The Commission staff has maintained a sign-in sheet that records all persons in attendance and has distributed a form that each person can fill in today, to comply with that statutory requirement. I'd like to thank Ms. Boyd and the Commission staff for doing that. I would remind all attendees of their duty under penalty of law to file these certifications, and I would encourage each person in attendance today to comply with those laws by signing the appropriate certification form and returning it to the Commission staff before leaving the hearing room today.

Finally, Madam Chair, copies of Exhibits B and C to the list I've just provided the court reporter have been distributed to the Commission. The first

1 of those documents is an outline of Act No. 7. As
2 we go through the PowerPoint presentation, you'll
3 see references to page numbers. Those references
4 are to the page numbers at the bottom of that
5 outline. The second document that's been
6 distributed is a copy of the Act No. 7.

7 Having completed those very important but
8 somewhat stuffy housekeeping matters, I'd like to
9 get a little less formal and start going through
10 our presentation. Is this registering
11 [indicating]? Can you all hear?

12 Before I sort of give you a roadmap of what
13 we'll be looking at today in the presentation, I
14 want to give you a couple of basic concepts to keep
15 in mind about the Act, as a whole.

16 The first thing is, this is an elective
17 process. A company decides whether or not it wants
18 to operate under the provisions that we'll be
19 talking about. If a company does not elect to
20 operate under these provisions, absolutely nothing
21 changes with regard to how the Commission or the
22 ORS or that company interact. If a company does
23 elect, then, for the most part -- there are going
24 to be a couple of exceptions, and we'll cover those
25 -- but for the most part, that provider's retail

1 products and services are treated like any other
2 unregulated product or service.

3 Now, to give you a frame of reference, the
4 vast majority of the hearings that AT&T has
5 participated in over the last few years have not
6 addressed retail products and services. The vast
7 majority of what we have participated in have
8 addressed wholesale matters, and if a company
9 elects to operate under these new provisions, for
10 the most part, that provider's wholesale services
11 remain regulated exactly as they are today.

12 The final basic concept is that if a company
13 elects to operate under the new statute, then that
14 company's withdrawals from the State Interim LEC
15 Fund or from the State Universal Service Fund will
16 be phased down. We'll talk about that in a little
17 detail. Contributions will continue, but the
18 payments out of the Fund to that company will be
19 reduced.

20 Those are sort of the basic concepts that, if
21 I had to give an overview of the statute in a
22 minute, that's what I would say.

23 Here's how the rest of the presentation is
24 organized. We'll talk about what happens before a
25 provider elects. Then we'll go through the

1 procedural process of how an election actually
2 takes place. We'll talk about once an election
3 takes place, what impact does it have on the
4 provider's retail services. Then we'll talk about
5 what remains within the Commission's jurisdiction
6 after that election. Next topic is the major
7 administrative impacts, and in that we'll talk
8 about assessments, which continue. We'll talk
9 about USF and Interim LEC Fund controls. And then,
10 finally, there are a few additional impacts on ORS
11 that I'll cover at the end. Having said that,
12 that's sort of the order in which I intend to
13 present this, but if at any point you have a
14 question, please stop me, and I'll do my very best
15 to answer.

16 Let's start out with talking about what
17 happens before a provider elects. One question
18 that was asked is, do certification requirements
19 still apply? That came up during the process. And
20 the answer is yes. Under State Law today, before
21 you can begin providing telephone type services,
22 you have to come before this Commission and be
23 certified to do so. The statute expressly states
24 that it does nothing to change or alter that
25 existing State certification process. So new

1 providers still have to come and be certificated.
2 If an existing provider that opts into the statute
3 wants to expand their territory, they still have to
4 come in and go through the same process as they
5 would have, had the Act not gone into effect.

6 The next thing is the use of the public
7 rights-of-way, and at least in our view, that is
8 not impacted at all by the legislation. State Law
9 today says if you're a certificated carrier, you
10 can use public rights-of-way. It sets out the
11 manner in which you can do it and it provides for
12 the payment of certain municipal business license
13 tax. Nothing in the statute impacts that. So
14 those are sort of the before-you-get-started
15 impacts.

16 The next thing is, just procedurally, how does
17 a company go about electing to operate under this
18 new Act? First of all, who can elect? The statute
19 provides that any incumbent local exchange company
20 or any competitive local exchange company can opt
21 into this proceeding -- I'm sorry -- this procedure
22 under the Act.

23 The next thing is, what has to be shown? The
24 short answer is, in order to operate under the
25 statute, a company has to show more than just

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wireless competition. To explain that in more detail, what I would like to do is kind of tell you how it started out in the process, where it ended up in the process, and then go through some examples that I think will make it a little bit clearer.

In the early phases of the legislative process, the bill stated that if you qualify -- I'm sorry -- the bill said basically that you had to make the same showing to get in under the new statute as you do to get in under 576(B) today. 576(B) is the alternative regulation statute and says you can go and your basic rates are subject to an inflation index, your non-basic rates have a 5 percent price cap. To get into that, a company has to make one of three showings. They can either show an interconnection agreement with a nonaffiliated company, they can show competition for their services, or the third thing that can be shown is that there are at least two wireless providers that have coverage generally available in that territory. That's sort of the wireless-only competition piece of it that I'm referring to. Through the process, there were some concerns that said, "Look, under this bill you have a lot more

1 market-based regulation than you've ever had
2 before, and we're not comfortable with giving that
3 level of market-based freedom to a company that
4 does not have some form of wireline competition."
5 As a result of that, the bill, as enacted, states
6 that in order to elect to operate under this new
7 procedure, you have to show -- you have to show one
8 or two, but not three. You can show an
9 interconnection agreement with an unaffiliated
10 company, you can show actual competition in your
11 territory, but the third prong in (B) today, the
12 two wireless carriers, that will not get you under
13 (C).

14 Just as a couple of examples to walk through
15 it, let's say that a new carrier comes in and says,
16 "I have wireless-only competition. That's the
17 showing I want to make to you." That carrier can
18 decide to go under Subsection (B) which exists
19 today, but it could not go under (C). If on the
20 other hand you have a carrier that could make a
21 showing of either an interconnection agreement or
22 actual competition, that carrier has a choice; they
23 can go under (B) or they can go under (C). So
24 that's -- when I say you've got to show more than
25 just wireless competition, that's what I'm talking

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about.

Where and how a company would elect to operate under this: They do it here, by filing a notice with you saying they're making this election.

When does it have to be done? It's totally up to the company. Any company can decide whether and, if so, when it wants to opt into this process.

And finally, when does that election become effective? It depends on how it's done. And here's what I mean by that. On these three examples, one of a carrier that's already operating under (B), under (B)(1) or (B)(2), then we'll go under a couple of other scenarios. Let's take AT&T for an example. AT&T today operates pursuant to Subsection (B) by having already shown this Commission an interconnection agreement with a nonaffiliated company. Since we've already made that showing, no further showing is required. The election is filed, five days later it becomes effective. Let's say that you have a company that is not under (B) at all today. You treat it just like you always would. If they want to come in under (C) by showing one of those two items, you treat it just like you would a new election under Subsection (B) today. You make the same showing,

1 it's the same process, the same set of time frames.
2 The same would apply if you have a carrier that,
3 today, is operating under (B), but they are doing
4 so because they have shown wireless-only
5 competition. At that point, that carrier would
6 have to come in and file the election, and then
7 make the showing of either the interconnection
8 agreement or actual competition under the same
9 process as you have in effect today under
10 Subsection (B).

11 So that's sort of the way the election process
12 itself works.

13 Once an election is made, let's talk about the
14 impact of that on the provider's retail services.
15 The first thing is stand-alone basic residential
16 lines are subject to an inflation-based price cap.
17 It's the same inflation-based price cap that this
18 Commission adopted pursuant to Subsection (B).

19 Now, let's talk about sort of what all is in
20 that basket, and to do that, we'll first talk about
21 the definition of what a stand-alone basic line is,
22 then we'll talk about grandfathering -- because
23 that's a concept that the statute puts into effect
24 -- and then we'll go from there.

25 To be a stand-alone basic residential line,

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first of all it's got to be a single-line residence service. Business lines are not going to fall under this definition at all. It's got to be a single-line residential service. It also has to be one that's on a billing account where there are no recurring charges from the company or any affiliate. Now that's a mouthful. Let me tell you what that means. I think the easiest way to do it is by way of a couple of examples. Let's say that a customer has a single-line residential basic line, and they have toll service from MCI. So they've got an AT&T local line and they've got MCI as the toll provider. That's going to be a stand-alone basic residential line for the local side. The reason for that is they may have nonrecurring charges from MCI on their bill, but MCI is not an affiliate of us. And so to use AT&T as an example, we would treat that as a stand-alone basic residential line that could only be adjusted by inflation annually.

Now let's say instead of having the MCI toll plan, they've got a flat, regular old telephone line from AT&T, plus they've got an AT&T long-distance plan. On that case, they're going to have a monthly recurring charge for that toll plan, that

1 monthly recurring charge comes from an affiliate of
2 the local exchange company, and therefore, that
3 line is not a stand-alone residential line.

4 One other example is, assume that you have a
5 stand-alone residential line and, say, you've just
6 got our MTS toll service. It's not a monthly
7 recurring charge, just whenever you make a toll
8 call, it appears. And say occasionally you *69 to
9 call back the number you missed. You're still
10 under a stand-alone basic residential line because
11 those other charges are not recurring charges and
12 are not items that appear on your bill every month;
13 they're per-use charges, and therefore, that local
14 exchange line will still be a stand-alone basic
15 line.

16 The stand-alone basic residential lines that
17 remain subject to a price cap, though, are
18 grandfathered as of the effective date of the
19 election. Okay? So what you do is, on the date
20 that that election becomes effective, you take a
21 look and you say how many -- you identify the
22 stand-alone residential lines. Those are the ones,
23 and only those, that are subject to that price cap.
24 If someone orders a stand-alone line after the
25 election becomes effective, the statute expressly

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says it is not subject to this price cap. It's treated like any other unregulated service.

What about changes to that line? Let's say someone has a stand-alone residential line and they decide they want to buy a toll plan or they want to have a monthly recurring charge for Call Waiting. At that point, that change takes that line out of the basket and makes it an unregulated service, going forward. That grandfathered number that you take on the day that the election becomes effective is the largest that basket can ever be. Nothing can be added to that basket; things can only come out of it as changes are made to the account.

There is one exception to a change made on the account pulling you out of the basket. Senator Hutto proposed it, and I call it the head-of-household exception. The head-of-household exception says that if a person can show that they were living in the household that was a residential line, that that head of household moved, died, whatever, and they, having lived in the house at the time it was a single line, want to continue it as only a single line, it doesn't come out of the basket. It stays subject to that price cap. That's the one change on the line that can happen

1 and it not come out of the basket. Otherwise, any
2 change to that line brings it out of the basket.

3 The stand-alone basic residential line is
4 subject to an inflation-based price cap and it's
5 subject to the head-of-household exception. Aside
6 from that, it is subject to no State regulation.
7 Any other retail local exchange service is subject
8 to no State regulation. It becomes just an
9 unregulated service like Internet or wireless.

10 Toll services. The statute provides that once
11 the local exchange company begins operating under
12 this new form, that all of its affiliated toll
13 service providers also come out of regulation. If
14 you think about AT&T today, we've got -- for the
15 incumbent LEC, we got an awful lot of folks, but
16 then we've got several subsidiaries that offer toll
17 services, and they all operate under different
18 forms of regulation because of the fact they came
19 into the company through different ways. Under the
20 statute, once AT&T makes an election and it becomes
21 effective, all those toll services become market-
22 based as well.

23 Very briefly, that presented an issue that
24 goes like this. On the day that the election
25 becomes effective, those services all become

1 unregulated. That means the tariffs don't say what
2 happens with those services anymore. Well, the
3 problem is, until you can establish a commercial
4 agreement with them, what happens? Do they not
5 have to pay anything? Do we not have to live up to
6 the standards that we've been living up to in the
7 tariff? And the way the legislation addresses that
8 is it says that on the day they become unregulated,
9 they are unregulated but the rates, terms, and
10 conditions that were in effect as of that date
11 continue to apply until you establish a new
12 commercial relationship with that customer. Okay?
13 So that way, everybody knows what they're operating
14 under until that contract comes out in the mail,
15 like a credit card might, and the customer agrees
16 to it in that manner. So that's sort of that
17 transition plan that's set out in the statute.

18 That is basically the impact that an election
19 would have on a provider's retail services. Now,
20 as I said earlier, the vast majority of the
21 hearings that AT&T has been involved in over the
22 past several years have not been retail, they have
23 been wholesale. So let's take a look now at what
24 impact the election might have over those types of
25 services.

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Let's start out with wholesale services, which the statute basically says is not a retail service, and it includes things like switched access, it includes things like carrier-to-carrier disputes that don't involve a retail service.

There is one wholesale service that is slightly impacted by the statute. It's called billing and collections. Let me explain what that is. You know, today if you've got AT&T for a local line and MCI for a long-distance carrier, you usually see one bill that has both our charges and MCI's charges. Billing and collections is the service by which AT&T will put those charges from another company on its telephone bill. Today in South Carolina, those billing and collection services are tariffed. The legislation provides that they are no longer tariffed. What that means is, we will enter into agreements with these other providers that address that particular service. That's the way it is at the federal level, that's the way it is in a lot of other states. Having said that, the legislation says that all it does is, there's no longer a need for a tariff. If MCI believes we are treating it unfairly, or MCI has a problem with the rates, terms, and conditions that

1 we offer that service to, it can still bring that
2 problem to you and you still have jurisdiction to
3 address it, just like you do today. It just
4 eliminates that step of having to have an actual
5 tariff out there.

6 All other wholesale services remain within the
7 jurisdiction of the Commission. The statute
8 expressly says that it does not impact, affect,
9 diminish, or expand your existing jurisdiction.
10 251, 252 arbitration agreements, you still have
11 those just like you do. Disputes arising under
12 those agreements, you still have them just like you
13 do. We had -- carrier-to-carrier disputes
14 regarding transit service, they'll stay right under
15 your jurisdiction. So all those hearings that
16 we've been participating in in the past, we'll
17 still keep participating in under this bill. It's
18 primarily a retail bill and not a wholesale bill.

19 Another thing is federal interconnection
20 requirements. The statute expressly says that it
21 does nothing to change your authority to interpret
22 and enforce and arbitrate those matters.

23 The one other thing that is a change is
24 marketing requirements. The legislation provides
25 that the jurisdiction you have today over federal

1 marketing requirements remains in place. You know,
2 there are CP&I issues, there are all kinds of
3 issues at the federal level about what we can and
4 can't do with information we get from carriers,
5 marketing, things like that. To the extent that
6 that's here today, it remains here. The one change
7 to this is, it removes any state-specific marketing
8 requirements. And the one that is specifically
9 mentioned is the win-back restrictions. Some of
10 y'all remember back in 2001 we had a hearing on an
11 offering called Welcome Back Win-Back. And in the
12 order on that hearing almost a decade ago, the
13 Commission imposed a State marketing requirement
14 that says that we cannot go and try to win back a
15 customer until ten days after that customer has
16 been provided service by the competitor. What this
17 legislation would do will say that state
18 restriction goes away. But, the federal
19 restrictions remain in place. Now as a practical
20 matter, today, that means we can start marketing a
21 little earlier than we do today, because there are
22 still federal restrictions that apply and we have
23 to comply with them. But as those federal
24 restrictions are altered, that means, as a company,
25 we have one set of restrictions we have to comply

1 with, and not multiple. So that's what the --
2 that's the one change in the marketing requirements
3 under the statute.

4 All right. So that was the retail impact,
5 that was the wholesale impact. Let's talk about
6 the administrative impacts.

7 Assessments are unchanged. In other words,
8 after a company opts into this legislation, it will
9 continue to pay assessments to fund the Commission
10 and the ORS and the Public Review -- Public Utility
11 Review Committee in exactly the same manner it does
12 today. And again, if you think about it, like I
13 said, most of the stuff that you all dealt with has
14 not been retail, most of it has been wholesale.
15 Wholesale stays here, so the assessments stay the
16 same.

17 Interim LEC Fund. The contri- -- if a carrier
18 that opts in is drawing from the Interim LEC Fund
19 -- well, let me back up. Once a carrier elects to
20 operate under this statute, that carrier continues
21 contributing into the Interim LEC Fund just like it
22 does today. So the size of that Fund is not going
23 to be impacted by an election. If that carrier
24 that elects also has been drawing from the State
25 Interim LEC Fund, those withdrawals are phased down

1 over time. For the first year after the election,
2 a carrier can draw 80 percent of what it had been
3 drawing before, for the second year that drops to
4 60 percent, and after the end of the second year
5 that carrier can no longer draw anything from the
6 Interim LEC Fund.

7 Let's talk about the State USF. As far as
8 contributions, it's exactly the same as the Interim
9 LEC Fund. If a carrier elects to operate under
10 this new statute, that carrier still pays into the
11 State USF just like it does today. Withdrawals,
12 the general rule is the same. And that is, if a
13 carrier elects, then in the first year after
14 election they get 80 percent of what they've been
15 drawing, the second year it drops to 60. The third
16 year is a little bit different. I'll get to that
17 in a minute. But take AT&T for an example: In
18 round figures, we draw about 25 million from the
19 State USF a year. If we opt into this, then that
20 first year after the opt-in, instead of drawing 25,
21 we draw 20. The second year after the opt-in, it
22 would drop to 15. Third year, it goes to zero with
23 these two exceptions: The first exception is
24 Lifeline. Lifeline, as you know, is primarily a
25 federally funded program that allows needs-based

1 customers to get support in the form of credits off
2 their telephone bill. The way Lifeline works is
3 you get a base level of federal credit, no matter
4 what. You get about \$8.25 from the Federal Fund if
5 you qualify for Lifeline. There's a supplemental
6 level you can get if the state funds an additional
7 \$3.50. South Carolina does. So, what that means
8 is, instead of just getting \$8.25, subscribers in
9 South Carolina who qualify get the \$8.25 from the
10 Federal Fund, they get \$3.50 from the State Fund,
11 and that entitles them to an additional \$1.75 from
12 the Federal Fund. The legislation says that an
13 electing carrier can continue to withdraw from the
14 State USF all amounts that are necessary to provide
15 that State Fund support, so that their customers
16 can continue getting the maximum amount of a credit
17 that they can get. You know, for any carrier,
18 that's probably going to be a fairly small
19 percentage of the overall draw from the Fund, but
20 the General Assembly did make that provision in
21 order to protect the low-income subscribers being
22 able to continue to get the full amount of credit
23 that's available.

24 The next exception is -- remember I said at
25 the end of the second year after an election, the

1 amount would go to zero. If you wait beyond that
2 second year it stays zero, period. You can't draw
3 anything else. However, the statute allows a
4 carrier, before the end of that second year, to
5 come in and say, "Look, I still have this many
6 stand-alone basic residential lines that I am
7 providing." Remember that's that basket. That's
8 the one that's still subject to the inflation-based
9 index. A carrier, if it wants to, can come in and
10 say, "I'd like to withdraw enough support just to
11 support those lines." If that happens, the
12 Commission will have to issue notice and have a
13 hearing, and the Commission will determine the
14 amount that carrier is allowed to draw for those
15 lines. Over time, remember that pot is going to go
16 down. So the statute also says that on an annual
17 basis after that, you find a way to adjust for that
18 shrinkage in the number of lines that are still out
19 there, so that support is only there to draw -- to
20 support the number of lines you're actually
21 providing.

22 Now, there is one other provision of that
23 statute that I want to make sure I reference, with
24 regard to that. Except -- well, the statute says
25 that for carriers that do not operate -- do not

1 elect into this, the USF and the Interim LEC Fund
2 continue operating exactly as it does today. Has
3 no impact on it. It says it does not affect the
4 current administration of the State USF, and it
5 also says that nothing constitutes a determination
6 or suggestion that only stand-alone basic
7 residential lines should be entitled to support
8 from the State USF.

9 That's pretty much the administrative impacts
10 that are addressed in the statute.

11 We'll move on now to some additional impacts
12 on the ORS. One is complaints. The ORS is charged
13 with maintaining copies of written complaints that
14 address either the availability of the functional
15 equivalent of basic service -- remember, on a
16 going-forward basis, those single lines are not
17 regulated. Okay? So in light of that, the ORS is
18 charged with when customers come in and complain
19 and say, "Look, I can't get service from anyone,"
20 they take those complaints, they monitor them, and
21 they report back to the General Assembly about
22 them. They also take complaints about
23 anticompetitive practices, and they record those.
24 They take complaints about alleged violations of
25 contract terms and conditions. They report -- they

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keep written copies of those complaints, and every five years they report to the General Assembly about, "Here's what we've -- here are the complaints we've gotten." They have to examine the effect of the Act on residential and business consumers in the areas that are served by a company that elects under the Act. They have to include details of a pattern or practice of violating contracts or anticompetitive activities, and these are reports back to the General Assembly, so the General Assembly can monitor what's happening and make any changes that it may deem appropriate.

Finally, in the interim, if the ORS decides that it's necessary and appropriate to do so, it can file a lawsuit against a carrier in a court, in the name of the State, to restrain that carrier from a pattern or practice of violating its contracts with residential or business customers, or to restrain a pattern or practice of engaging in anticompetitive activities.

So that's the additional impact on the ORS.

And finally, just an overall summary, any incumbent LEC and any competitive LEC can decide whether to operate under the plan or not. If someone operates under the plan, the stand-alone

1 residential lines are grandfathered and you retain
2 jurisdiction to enforce the existing price caps on
3 those lines. All the other services, including
4 toll, are treated like other unregulated services.
5 The State USF withdrawals are phased down over that
6 two-year period. And there is no direct impact on
7 any non-electing providers. It was a purely
8 elective process designed, in large part, not to
9 impact folks who do not want to be engaged in
10 operating under that statute.

11 Madam Chairman and Commissioners, that is at
12 least AT&T's view of the major highlights of the
13 legislation, and I would be happy to entertain any
14 questions that anyone may have.

15 **CHAIRMAN FLEMING:** Thank you, Mr. Turner.
16 Commissioners? Yes, Commissioner Mitchell.

17 **COMMISSIONER MITCHELL:** How you doing, Mr.
18 Turner?

19 **MR. TURNER:** Well, sir.

20 **COMMISSIONER MITCHELL:** Good. Good to have
21 you with us. You talked about the win-back program
22 in '01, and I believe you stated that it was a
23 State requirement of ten days at that time, and the
24 federal requirement is different. You didn't tell
25 us what that would be, in relation to the ten days.

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How does that change?

MR. TURNER: The federal requirements are substantial at a very high level. My understanding is the federal -- the federal restriction on our ability to contact the customer after we know they are engaged in a switchover ends once that customer's order has been worked. At the State level, it's an additional week and a half we have to wait before we can make contact to that customer and try to market. So as a practical matter today, if there are no changes in State Law, that means that once it's worked, in South Carolina we can start marketing just like we do in a lot of other places instead of having to wait that additional ten days.

CHAIRMAN FLEMING: All right. Yes, Commissioner Whitfield.

COMMISSIONER WHITFIELD: Thank you, Madam Chair. Good afternoon -- or, good morning, still, Mr. Turner.

MR. TURNER: Yes, sir.

COMMISSIONER WHITFIELD: Not quite afternoon yet. Under this new plan, what would you do to educate consumers, say, for instance, about being grandfathered in under the old residential stand-

1 alone lines, or what mechanism do you have in place
2 or would you have in place to educate consumers
3 about these changes?

4 **MR. TURNER:** Let me say legally and
5 practically. Legally, there's no requirement for
6 any type of notice. Practically, we would
7 certainly work with anyone that -- the ORS or
8 others, to help in an education effort. We don't
9 have that part of the plan in place yet, because
10 we're still working through getting ready to make a
11 transition. So I don't know the details yet.

12 **COMMISSIONER WHITFIELD:** Thank you. I've got
13 one other question. You mentioned billing
14 services. I think you said they would no longer be
15 a tariffed -- you would no longer have to file a
16 tariff showing your costs for billings. And I
17 realize that in business, that billing services are
18 costly, and that does -- a lot of the headaches we
19 all know sometimes are in billing. And say, in --
20 you mentioned between getting a bill from you all,
21 with MCI's toll charges on there, and I understand
22 you would no longer have to file a tariff. Now,
23 would that matter -- would you have any distinction
24 between whether they received a hard paper copy
25 bill or if they did online billing or electronic

1 billing, I should say? Or what -- I guess what I'm
2 driving at, I think you did say that if a dispute
3 arose, of course, it would end up back in here
4 before us, but what if the consumer had some
5 issues, since there's no longer a tariff in place,
6 what if the consumer had an issue with what they
7 were being charged for that?

8 **MR. TURNER:** Let me try to take that in steps.
9 The tariff that no longer has to be filed for
10 billing and collections tells -- is the one that
11 would govern what we would charge MCI for
12 processing that. That would not --

13 **COMMISSIONER WHITFIELD:** Right.

14 **MR. TURNER:** -- govern what we charged the end
15 user.

16 **COMMISSIONER WHITFIELD:** Okay.

17 **MR. TURNER:** If the end user has any questions
18 about the bill, or concerns about the bill, then
19 those concerns would be addressed in the same way
20 they are in any other unregulated industry. They
21 could call us, and hopefully it gets dealt with.
22 It can be escalated within the company. It can be
23 -- the ORS still has the authority to hear that and
24 try to facilitate an agreement. And if a customer
25 really still has a problem, they can now -- now, if

1 they have that kind of problem, they have to come
2 here, file a complaint, go through the process.
3 Under this new statute, they could take us to
4 Magistrate's Court, and we'd have to address that
5 complaint there. So that's the avenue that the
6 customer will have, if all the other things that
7 are in place today that usually get billing
8 disputes resolved long before we have any hearing
9 about them, if those don't work they go to
10 Magistrate Court and get their hearing there.

11 **COMMISSIONER WHITFIELD:** All right. Thank
12 you, Mr. Turner.

13 **CHAIRMAN FLEMING:** All right. Commissioners?
14 Yes, Commissioner Hamilton.

15 **COMMISSIONER HAMILTON:** How are you, Mr.
16 Turner?

17 **MR. TURNER:** Fine, sir.

18 **COMMISSIONER HAMILTON:** If you could, review
19 with me just for a second to get an understanding
20 of the deregulated part and the complaints. As I
21 understand you and your presentation, the
22 Commission is out of the loop; it's between ORS and
23 the General Assembly -- or the Public Review
24 Committee, I assume. Did I catch you, going on
25 that?

1 MR. TURNER: Yes, sir. It's much like any
2 other -- a complaint with Target.

3 COMMISSIONER HAMILTON: So we're out of the
4 loop.

5 MR. TURNER: Out of the loop in the sense that
6 it's not -- it would be the Magistrate Court and
7 the court system that hears every other dispute,
8 they would be the ones, if someone came and said,
9 "We demand a hearing to resolve this matter," it
10 would be the court system that would resolve the
11 dispute. The customers can still come and file a
12 complaint with you all, you all can still, you
13 know, direct them as you do today to the ORS. They
14 can still mediate and work with us. And believe
15 me, we'd rather hear about it that way and work it
16 out than we had to get sued in Magistrate Court.

17 COMMISSIONER HAMILTON: Thank you.

18 CHAIRMAN FLEMING: Commissioner Howard.

19 VICE CHAIRMAN HOWARD: Good morning, Mr.
20 Turner. I have a couple of questions. If the
21 election was held today, what percentage of your
22 residential customers would fit in the single-line
23 rate -- the rate you discussed. And obviously I
24 don't need a -- just a rough percentage.

25 MR. TURNER: Percentagewise it would be very

1 low. As of a few -- I guess as of a couple of
2 months ago, that number would've been about 50,000
3 lines.

4 **VICE CHAIRMAN HOWARD:** Out of how many total?
5 What percentage -- break that into percentage for
6 me.

7 **MR. TURNER:** I believe we're right at,
8 business and res., right at a million.

9 **VICE CHAIRMAN HOWARD:** Okay. I'll do the
10 arithmetic later.

11 **MR. TURNER:** Yes.

12 **VICE CHAIRMAN HOWARD:** Is that -- do you have
13 a similar statute in any other AT&T state similar
14 to this? Are there any other statute -- states
15 operating under statutes similar to this?

16 **MR. TURNER:** Every state has different ways of
17 addressing, but Indiana has gone a very long way
18 towards this; I believe Alabama has gone a very
19 long way; Kentucky. Tennessee has gone a long way.
20 I think Florida is working on something. So this
21 is clearly a trend that is going on.

22 **VICE CHAIRMAN HOWARD:** Okay, thank you.

23 **MR. TURNER:** Yes, sir.

24 **CHAIRMAN FLEMING:** Are there any other
25 questions?

1 COMMISSIONER MITCHELL: I've got one.

2 CHAIRMAN FLEMING: Commissioner Mitchell.

3 COMMISSIONER MITCHELL: Would you refresh --
4 I'm going back to the State Universal Service Fund.

5 MR. TURNER: Yes, sir.

6 COMMISSIONER MITCHELL: Under the election,
7 now, and you used the illustration of AT&T
8 withdrawing 2.5 million [sic]. You said for that
9 next year, it would be 20 million, 15 million, and
10 then the third year, zero.

11 MR. TURNER: Yes sir.

12 COMMISSIONER MITCHELL: That's withdrawals.

13 MR. TURNER: Yes, sir.

14 COMMISSIONER MITCHELL: Now, and I mean --
15 that means that Universal Service Fund will only
16 last for three years?

17 MR. TURNER: No, sir.

18 COMMISSIONER MITCHELL: Explain that
19 difference and clear me up on that.

20 MR. TURNER: Yes, sir.

21 CHAIRMAN FLEMING: Excuse me. Mr. Turner, are
22 you -- is your mike still on? It seems like it's
23 awfully quiet. Can you hear him in the back?

24 MR. TURNER: [Indicating.] There, is that
25 better? I'm sorry, I must have --

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COMMISSIONER MITCHELL: So a company can choose to --

MR. TURNER: I've gained some weight, and I must have hit the button. I'm sorry.

CHAIRMAN FLEMING: Well, you'd better get out here and exercise then.

[Laughter]

COMMISSIONER MITCHELL: So I guess my question, a company can choose to further elect to participate in Universal Service, or -- explain those differences.

MR. TURNER: I will, sir. Yes, sir. Today, the entire Universal Service Fund is right around \$50 million.

COMMISSIONER MITCHELL: Right.

MR. TURNER: Let's just use that for an example. 25 million of that is withdrawn by AT&T, the other 25 by various other entities. Let's say we elect and let's say we're at the end of year three and nothing else happens, and we go down to 1 million in withdrawals for our Lifeline, just as rough numbers. That means that if nothing else changes, the Fund would have to be sufficient to pay for 25 million that's going out to all the other non-AT&T's, plus another 1 to us for

1 Lifeline, so instead of having a \$50 million fund,
2 you'd have a \$26 million fund.

3 Simplistically, today, what happens is you
4 say, "What assessment do we have to put on all the
5 end-user bills to collect \$50 million?" At the end
6 of year three if nothing else changes, you'll say,
7 "What assessment do we have to collect to generate
8 26 million," not the entire, so that assessment is
9 going to go down on the end user's bill. Each end
10 user will pay less toward the USF, but it will
11 still be fully there to support all the other non-
12 electing companies in the same manner that it is
13 today. So the size of the Fund will go down, but
14 those who don't opt in still have the Fund to draw
15 from, and it's still funded by everybody instead of
16 just a smaller group.

17 **COMMISSIONER MITCHELL:** And that would
18 continue as long as there was participation by the
19 other parties?

20 **MR. TURNER:** Yes, sir.

21 **COMMISSIONER MITCHELL:** Would that be correct?

22 **MR. TURNER:** Yes, sir.

23 **COMMISSIONER MITCHELL:** And one other thing.

24 I believe Commissioner Hamilton asked that
25 question, or someone asked, about complaints. I

1 want to verify. I believe you stated that someone
2 could still complain to the Commission and that
3 complaint would be restricted to ORS like we're
4 doing now. Is that in the Act? Or clarify that.

5 **MR. TURNER:** Yes, sir. The jurisdiction to
6 handle the complaint would exist only to the effect
7 that they were complaining about the inflation-
8 based index that applies to that line. That said,
9 today you get complaints every day that address
10 wireless and Internet. Today, as a practical
11 matter, my understanding is you send those over to
12 ORS.

13 **COMMISSIONER MITCHELL:** Right.

14 **MR. TURNER:** They contact the provider, and
15 most of the time it gets worked out.

16 **COMMISSIONER MITCHELL:** Right.

17 **MR. TURNER:** As a practical matter, that's
18 probably still going to happen. The Act doesn't
19 say you can't do that anymore. It simply says that
20 if that process doesn't work, there's a -- for the
21 most part, the customer, if they want to seek
22 relief, will have to go to the court system and not
23 to the Commission.

24 **COMMISSIONER MITCHELL:** Okay.

25 **CHAIRMAN FLEMING:** Are there any other

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questions?

[No response]

CHAIRMAN FLEMING: I wanted to ask you, could you talk a little bit about this customer service agreement?

MR. TURNER: Yes, sir. The customer service agreement -- let me tell you how it works -- let me tell you how it works today on our unregulated services, and understanding we're still working through it, I imagine at least at the high level it's going to work the same way. When a customer orders an unregulated Complete Choice, for instance, today -- unregulated because it's a bundled or contract offering -- the new customer will get in the mail a set of terms and conditions, much like you do when you sign up for a credit card. And those terms and conditions say, "This is the way we will act with one another. If you do not agree with these, contact us in 30 days and we'll terminate the service. Otherwise, these are the terms and conditions that will apply." And like I say, that's the same way as credit cards or a number of other kinds of things, and if the customers have problems with that, they can take us to Magistrate Court or they can take us to any

1 other, you know, court of competent jurisdiction,
2 but that's the way it would work.

3 **CHAIRMAN FLEMING:** Okay. And could you go a
4 little bit -- go back to the toll calls that, if
5 they are in the basket, how they would come -- what
6 would take them out of the basket?

7 **MR. TURNER:** Yes, ma'am. Let me think of the
8 best way to say this. If AT&T elects, then all of
9 AT&T's toll services will be unregulated. The
10 question will become is that local line a line that
11 is unregulated or is it a line that is subject to
12 the inflation-based price cap?

13 It is unregulated if the same bill that
14 includes the line includes a recurring charge for
15 one of our affiliate services. To put that in the
16 toll context, I have the AT&T One Rate plan, so if
17 I had what would otherwise constitute a basic local
18 exchange line and I also order from AT&T that toll
19 plan, that's going to hit my bill on a monthly
20 basis, so that toll line is unregulated; the local
21 line is also going to be unregulated because it's
22 an affiliate of the company and it's a recurring
23 basis. If, instead of having that plan where I
24 agree that "Every month I'll pay you this much and
25 I get all I can eat," if I said, "Look, I'm going

1 to choose you as my default provider. I won't make
2 that many calls, and I don't want a plan. You're
3 not going to bill me unless I make a call, and if I
4 make a call, I pay you x cents a minute" -- if
5 that's what I have, then again the x cents a minute
6 I pay for that toll plan is unregulated, but that
7 local line is still going to be subject to the
8 inflation-based price cap, because while the toll
9 service is from an affiliate of the company, it is
10 not a recurring charge, it's a per-use. So that's
11 the calculus that you use to determine whether that
12 local line is subject to the inflation-based price
13 cap, or not.

14 **CHAIRMAN FLEMING:** All right. And I hate to
15 have you go through this again. I guess it just
16 seems -- I'm going back to the if-a-customer-has-a-
17 complaint. I mean, we've all -- especially those
18 of us that have been in local government, working
19 with cable companies and complaints.

20 **MR. TURNER:** Sure.

21 **CHAIRMAN FLEMING:** I'm sorry, but it sounds
22 like it's going to be pretty much that same way.
23 It's very exasperating, or my experience on local
24 government has been very exasperating actually
25 getting relief for the consumer. Or that's what we

1 hear, when I was, like I said, involved in local
2 government. I don't hear that anymore.

3 **MR. TURNER:** Sure.

4 **CHAIRMAN FLEMING:** But so what is the
5 assurance that the customer will find relief? I
6 guess that -- will that go into the credibility and
7 reliability of each of the companies that are --

8 **MR. TURNER:** It is the --

9 **CHAIRMAN FLEMING:** But, and also I guess the
10 competition, which you don't usually have -- or
11 didn't have. You will now have that -- the
12 competition will also up that customer service
13 being -- finding relief?

14 **MR. TURNER:** Without a doubt, first and
15 foremost is the competition. If I'm standing in
16 line at my Target and it's too long, I'm going to
17 go to Wal-Mart. That's first and foremost what the
18 customer will do. If that doesn't work, which
19 usually it does, the customer can do everything
20 they normally would do. The only issue now is, if
21 relief is not granted, and of course, the customer
22 goes somewhere to enforce their rights, where do
23 they go? Prior to the election, for a lot of the
24 retail stuff that is not already unregulated under
25 a bundled contract, they would have come to you and

1 you would've made that determination. After the
2 election, if it gets to that point, instead of
3 coming to the Commission they go to the Magistrate
4 Court.

5 Now having said that, I do want to go back to
6 the first point you mentioned, which is the
7 competition. Remember that the -- back in 2004, an
8 awful lot of our products and services went
9 unregulated. Complete Choice, bundles, contracts,
10 all those went unregulated. And while I certainly
11 will not say that we've never had a customer angry
12 with us, I think we've got an outstanding track
13 record both in the community and with ORS of when
14 issues come up, we address them, we deal with them
15 very quickly, and we will continue to do that. But
16 having said that, we don't get that many, because
17 if we make someone mad with our services, they'll
18 go to Time Warner or they'll go to NuVox or they'll
19 go to one of the many other competitors that are
20 out there.

21 **CHAIRMAN FLEMING:** But ORS well be in place,
22 as well.

23 **MR. TURNER:** They certainly will -- or by law,
24 they're required to record that complaint. And as
25 they do today, they will continue to have the

1 ability to call us and try to resolve it amicably.
2 The only thing is, if none of that works and the
3 customer just insists on "I want to go and have
4 someone make you pay me this amount," instead of
5 coming back to the Commission they will go to the
6 court system.

7 **CHAIRMAN FLEMING:** Okay. Now you do keep
8 talking about going to the court. Would you, in
9 your agreements, have arbitration clauses?

10 **MR. TURNER:** We do have arbitration clauses.

11 **CHAIRMAN FLEMING:** Okay.

12 **MR. TURNER:** So now, having said that, most of
13 them do have provisions that say small claims can
14 go to Magistrate Court if you prefer. So it's a
15 very -- at least in my view -- a very consumer
16 friendly arbitration clause. But that's the way it
17 would be handled, just like any other commercial
18 agreement.

19 **CHAIRMAN FLEMING:** Okay.

20 **COMMISSIONER WRIGHT:** Madam Chairman?

21 **CHAIRMAN FLEMING:** Yes, Commissioner Wright.

22 **COMMISSIONER WRIGHT:** To stay on the
23 complaints. They can complain to ORS. Can ORS
24 take you to court on behalf of the customer?

25 **MR. TURNER:** You had to ask me that right in

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front of them, didn't you?

[Laughter]

MR. TURNER: On behalf of the customer itself, probably not. That would be my view. However, the statute does say that they can file a lawsuit to restrain a pattern or practice of violating our contract or engaging in anticompetitive activities. So if ORS sees a onsie-twosie where a customer's just angry, that's one thing. If the ORS sees a pattern or a company that's elected into this is not doing the right thing, the ORS might not be able to step in for that individual consumer and get, you know, \$20 on that consumer's bill, but they certainly can go to court and say, "Here's a pattern or practice of either an anticompetitive act or a violation of the contract," and on behalf of the citizens, as a whole, ask the court to enjoin that company from doing that.

COMMISSIONER WRIGHT: So they would have to do something more like a class-action type level, you would think, just to use that term loosely?

MR. TURNER: It would be a pattern, it would have to be more than just a one-time event. But I wouldn't say class-action because --

COMMISSIONER WRIGHT: Yeah, it's just --

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MR. TURNER: But for the most part, if it becomes a recurring issue, the statute has a mechanism for ORS to go in and enforce those rights and have a court make us stop.

COMMISSIONER WRIGHT: So the consumer would have to engage private counsel, more than likely, to go before a Magistrate Court or something?

MR. TURNER: Magistrate Court, you're not required to have an attorney.

COMMISSIONER WRIGHT: Yeah, I know that.

MR. TURNER: It's a pretty easy process.

CHAIRMAN FLEMING: But we always tell a difference. An attorney makes a big difference.

MR. TURNER: I hope a good difference.

CHAIRMAN FLEMING: A positive -- for the -- for both sides, it does.

MR. TURNER: Yes, ma'am. One final point, subject, of course, to any other questions, is, one thing this bill is going to do for customers as a whole is it's going to put AT&T South Carolina, which was a small state among nine in the BellSouth days, which is a smaller state among 50 today -- it's going to put us in the position to be able to more effectively compete for investment dollars internally with the states like Florida, Michigan,

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Texas, and California. When a company decides "Where am I going to put investment and have new technology go out," we cannot win that battle based solely on how many customers we have, or the standard business things. But when we can go and say, "We have the ability to compete just like any other business, your investment dollars here will be viewed by the stock market as the same type of investment dollars as any other company, no additional burdens to it," we can win more of that investment money than we could otherwise. So I think that, in and of itself, is a huge benefit to the State of South Carolina that will come about from this. And I think that -- I suspect that the transition will probably be as smooth and uneventful as the transition was when we went from regulated bundled offerings to unregulated bundled offerings a few years ago.

CHAIRMAN FLEMING: Yes, Commissioner Clyburn.

COMMISSIONER CLYBURN: I wanted to go back to square one, because if someone were reading -- somewhere on the outside of this room were reading this transcript, I guess I would want them to know how their lives would change under this. I believe you mentioned, if I followed correctly with

1 Commissioner Howard, there are about a million
2 people that this would -- am I mischaracterizing
3 what you're --

4 MR. TURNER: There are roughly a million lines
5 in the State. Don't know how many -- you know,
6 businesses have multiple lines, one person might
7 have multiple lines in their house.

8 COMMISSIONER CLYBURN: Right.

9 MR. TURNER: But we have about a million
10 lines.

11 COMMISSIONER CLYBURN: Okay. Let me get back
12 to, in terms of how the Customer Choice and
13 Technology Investment Act will currently change a
14 -- just looking at a residential customer. Again,
15 we're looking at the single-line basic residential
16 service -- we're looking at that particular line.

17 MR. TURNER: Yes, ma'am.

18 COMMISSIONER CLYBURN: Say it's Mignon
19 Clyburn, as a customer of AT&T. Say, Mignon
20 basically has what, prior to this, was considered
21 basic service. No bells, no whistles, no bundle.
22 But Mignon does have, say, Caller ID -- well -- or
23 Call Waiting, Call Forwarding, whatever. Tell me
24 how her life has changed, if it has, with enactment
25 of this.

1 MR. TURNER: If you have Caller ID on a
2 monthly basis where you're paying, instead of a
3 per-use every time you use it, I get charged x
4 cents --

5 COMMISSIONER CLYBURN: That's an affiliate?

6 MR. TURNER: Yeah, if you're paying for it
7 every time you use it at x cents, this does not
8 impact you. You're still -- that line is still
9 subject to the same inflation-based index as it is
10 today.

11 COMMISSIONER CLYBURN: Okay.

12 MR. TURNER: If you have that line with Caller
13 ID that you're paying x dollars a month for it,
14 then it impacts you in the sense that your line is
15 no longer subject to that inflation-based index.
16 That line becomes -- your entire service becomes a
17 totally unregulated service.

18 COMMISSIONER CLYBURN: Okay, thanks.

19 CHAIRMAN FLEMING: Are there any other
20 questions?

21 [No response]

22 CHAIRMAN FLEMING: I would just like to ask
23 one more question. With the passage of this Act
24 and with what's happening in the telecom industry,
25 how do you envision the telecom landscape in South

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Carolina in, say, three to five years?

MR. TURNER: More robust, from a consumer standpoint, than it ever has been. I think you're going to see, especially as we -- again, rolling out our video service, as we are doing now, you're going to see our competitors enhancing their video service, making it better. They are going to make their underlying telecom service even better too, they're going to package it better for better deals.

In places where we have been able to make the investment, this will drive. That investment betters not only our ability to provide these enhanced services, but it betters that basic line as well.

So I think the quality of service will increase, I think the availability of more competitive offerings is going to increase. And I think that it's going to be sort of like when I first joined the company, e-mail was something new and I figured I'm never going to have to use that stuff ever, and I still have these little pink slips saying, you know, "Call your wife," that I get two hours after she called. I never would've thought that instantaneously I get it on this

1 device [indicating]. I think it's going to
2 encourage investment, it's going to spur
3 competition, and it's going to drive more and
4 better things faster than would have happened
5 without the Act.

6 **CHAIRMAN FLEMING:** And everything will be
7 interconnected?

8 **MR. TURNER:** It's going to get that way at
9 some point.

10 **CHAIRMAN FLEMING:** Not in the next three to
11 five years, huh? Okay. Thank you, very much, for
12 the presentation. It was very informative, and we
13 just appreciate your being here and answering our
14 questions.

15 **MR. TURNER:** Thank you. Appreciate it.

16 **CHAIRMAN FLEMING:** Before we adjourn, there is
17 another ex parte briefing following. We would love
18 to have all of you who are interested to remain for
19 that one, as well. But before we begin that and
20 after we adjourn, we'll take a ten-minute break and
21 then come back. This briefing is now adjourned.

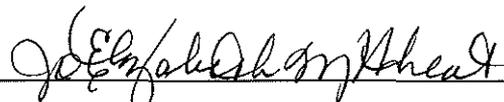
22 [WHEREUPON, at 11:40 a.m., the
23 proceedings in the above-entitled matter
24 were concluded.]

25

C E R T I F I C A T E

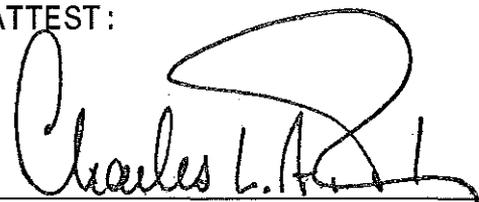
I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had in an Allowable Ex Parte Briefing held in the above-captioned matter before the Public Service Commission of South Carolina.

Given under my hand, this the 10th day of June, 2009.



Jo Elizabeth M. Wheat, CVR-CM-GNSC

ATTEST:



Charles L. A. Terreni
CHIEF CLERK/ADMINISTRATOR