

STATE OF TENNESSEE

Office of the Attorney General



**LUCY HONEY HAYNES**  
CHIEF DEPUTY ATTORNEY GENERAL

**LAWRENCE HARRINGTON**  
CHIEF POLICY DEPUTY

**ROBERT E. COOPER, JR.**  
ATTORNEY GENERAL AND REPORTER  
CORDELL HULL AND JOHN SEVIER STATE  
OFFICE BUILDINGS

MAILING ADDRESS  
P.O. BOX 20207  
NASHVILLE, TN 37202

**MICHAEL E. MOORE**  
SOLICITOR GENERAL

TELEPHONE (615) 741-3491  
FACSIMILE (615) 741-2009

March 24, 2009

Mr. Gregg Morton, President  
AT&T Tennessee  
333 Commerce Street  
Suite 2101  
Nashville, Tennessee 37201-3300

Re: Proposed "Market Regulation" Act, Senate Bill 1954, House Bill 1698

Dear Mr. Morton:

I am writing to follow up on our meeting of March 13 related to Senate Bill 1954/House Bill 1698, the "Market Regulation Act of 2009." I appreciate your meeting with my staff and me to discuss this legislation, as well as your offer to provide additional information to assist in our analysis. As you know, the Consumer Advocate Division in my Office is statutorily charged in Tenn. Code Ann. § 65-4-118(b) to represent the interests of Tennessee consumers in administrative, legislative and judicial proceedings. Accordingly, we want to make sure that we have sufficient information to determine whether Tennessee consumers are appropriately protected in the proposed bill.

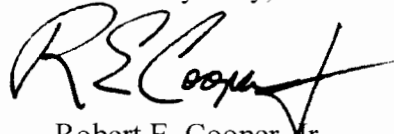
We would note initially that there is already law in place, particularly Tenn. Code Ann. § 65-5-108, that would allow AT&T to seek deregulation of services when it believes competition is an effective regulator of price. In evaluating whether the proposed legislation is an appropriate substitute for that statute, I would request that AT&T respond to the following questions:

1. If the proposed legislation passes, will AT&T consider itself to be under any obligation enforceable by the TRA to provide service to customers in its territory? Or, put another way, will AT&T consider itself to be a "carrier of last resort" who is obligated to extend service to areas that may not be the most profitable? If AT&T does believe it is so obligated, please state the source of that obligation under the proposed legislation.

2. If the proposed legislation passes, will AT&T consider itself free to drop any customers, either business or residential, as it sees fit and would the TRA have any authority to hear complaints about such actions? If AT&T does not believe it would be free to do so, please state the source of any such prohibition in the proposed legislation.
3. If the proposed legislation passes, will AT&T be under any legal obligation to continue current policy set by the TRA to provide at least one free Directory Assistance call per month and honor the current exemptions from a charge for Directory Assistance for seniors and persons with certain disabilities? If AT&T does believe it would be obligated to continue its present Directory Assistance service, please state the source of that obligation under the proposed legislation.
4. If the proposed legislation passes, will the Consumer Advocate have any authority to bring complaints to the TRA based on allegations of anticompetitive behavior or antitrust violations by AT&T?

Particularly in these times of economic uncertainty, this Office wishes to do everything possible under the law to ensure that all Tennesseans, regardless of income, continue to receive the telephone service they have come to expect as a result of the past and current regulation of the Tennessee Regulatory Authority and its predecessor the Tennessee Public Service Commission. I look forward to your responses to these questions. Please feel free to call if you have any questions.

Yours very truly,



Robert E. Cooper, Jr.  
Attorney General and Reporter

cc: Honorable Eddie Roberson  
Honorable Sara Kyle  
Honorable Mary Freeman  
Honorable Gerald McCormick  
Honorable Paul Stanley