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| Exhibit No. | |
| Issue: | Application for ETC Designation |
| Witness: | Glenn H. Brown |
| Sponsoring Party: | Spectra Communications Group, LLC d/b/a CenturyTel and CenturyTel of Missouri, LLC |
| Type of Exhibit: | Surrebuttal Testimony |
| Case No: | TO-2005-0325 |
| Date: | July 14, 2005 |

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

| | | |
|--|---|-----------------------|
| In the Matter of the Application of |) | |
| Missouri RSA No. 7 Limited Partnership |) | |
| d/b/a Mid-Missouri Cellular |) | |
| for Designation as a Telecommunications |) | Case No. TO-2005-0325 |
| Company Carrier Eligible for Federal Universal |) | |
| Service Support pursuant to § 254 of the |) | |
| Telecommunications Act of 1996 |) | |

SURREBUTTAL TESTIMONY OF GLENN H. BROWN

**ON BEHALF OF SPECTRA COMMUNICATIONS GROUP, LLC, d/b/a CENTURYTEL
AND CENTURYTEL OF MISSOURI, LLC**

July 14, 2005

1 **Q: Please state your name and business address.**

2 A: My name is Glenn H. Brown, and my business address is 55 Cathedral Rock
3 Drive, Suite 32, Sedona, Arizona 86351.

4 **Q: Have you previously filed testimony in this proceeding?**

5 A. Yes. On June 10, 2005 I filed rebuttal testimony responding to the Application of
6 Mid-Missouri Cellular (MMC) for ETC status in the State of Missouri, as well as the
7 testimony filed by Kevin Dawson and Michael Curtis on March 25, 2005 in support of
8 this Application.

9 **Q: What is the purpose of your surrebuttal testimony?**

10 A: The purpose of my surrebuttal testimony is to respond to the rebuttal testimony
11 filed on June 10, 2005 by Adam McKinnie on behalf of the Commission Staff, and
12 Barbara Meisenheimer on behalf of the Office of the Public Counsel (OPC).

13 **Q: Could you please summarize your surrebuttal testimony.**

14 A: Both Mr. McKinnie and Ms. Meisenheimer outline useful criteria for the
15 Commission's analysis of an application for ETC status. In particular, it is notable that
16 Mr. McKinnie has chosen to utilize the criteria identified by the FCC in its March 17,
17 2005 *ETC designation Order*¹ for determining whether MMC meets the public interest
18 test necessary for granting ETC status. Based on his analysis he finds that MMC has
19 failed to meet several of the minimum criteria established by the FCC in this *Order*.
20 Rather than recommend that the Commission deny MMC's application until these criteria
21 have been met, however, Mr. McKinnie recommends that the Commission conditionally

¹ In the Matter of Federal-State Joint Board on Universal Service, CC Docket 96-45, Report and Order, FCC 05-46, released March 17, 2005.

1 approve ETC status for MMC subject to an annual reporting requirement. Spectra and
2 CenturyTel believe that such conditional approval could set a dangerous precedent and
3 would be wrong.

4 **Q: Why do Spectra and CenturyTel believe that conditional approval of ETC**
5 **status for a carrier that has not met all of the minimum criteria for ETC**
6 **designation would be wrong?**

7 A. Spectra and Century believe that it is critical that the Commission establish and
8 enforce high standards for ETC designation. It is also significant that this proceeding is
9 likely to be the first of many cases where the Commission will be asked to determine if a
10 request for ETC status for a given carrier will be in the public interest. It is important
11 that the criteria be fair, rigorous and uniformly applied. In my testimony, I have also
12 recommended that the Commission incorporate the minimum ETC designation
13 requirements adopted by the FCC in the *ETC Designation Order*. As described more
14 fully in the *Order* “these requirements create a more rigorous ETC designation process,
15 and their application by the FCC and state Commissions will improve the long-term
16 sustainability of the universal service fund.”² As described in my earlier testimony, as
17 well as in the *ETC Designation Order*, it is important that the applicant demonstrate that
18 its proposed use of universal service funds will bring high-quality signal coverage
19 throughout the service area, and that the increased public benefits will exceed public
20 costs that will be created. The Commission’s Order in this proceeding should set a high
21 standard for ETC qualification, and be uniformly applied to all other applications for
22 ETC status that follow. Spectra and CenturyTel believe that approval of an ETC

² *Id* at paragraph 2.

1 application based upon an incomplete showing against the minimum criteria would set a
2 dangerous precedent which the Commission should avoid.

3 **Q: Do Mr. McKinnie and Ms. Meisenheimer make other recommendations**
4 **regarding the standards for ETC designation?**

5 A: Yes. Both Mr. McKinnie and Ms. Meisenheimer recommend that the
6 Commission establish state specific criteria regarding consumer protection and service
7 quality issues. They recommend such criteria be established through a further
8 rulemaking proceeding. Spectra and CenturyTel agree that such criteria can be extremely
9 useful in assuring that Missouri consumers are appropriately protected. Our companies
10 are subject to rigorous service quality rules and standards, and the principle of
11 competitive neutrality strongly suggests the development of comparable, technology-
12 specific, rules to be applied to wireless carriers that receive public funding. Again,
13 however, we believe that such rules should be established concurrently with the initial
14 ETC designation so that such rules and standards can be equally applied to all applicants
15 for ETC status.

16 **Q: Could you describe how Mr. McKinnie evaluates MMC's Application and**
17 **testimony against the minimum criteria in the FCC's *ETC Designation Order*?**

18 A: The FCC establishes five basic criteria for evaluation. Following is a list of these
19 criteria and Mr. McKinnie's evaluation of MMC's Application and testimony against
20 each:

21 1. Provide a five-year plan demonstrating how high-cost universal service support
22 will be used to improve its coverage, service quality or capacity in every wire
23 center for which it seeks designation and expects to receive universal service
24 support. – **Not entirely met**

25 2. Demonstrate its ability to remain functional in emergency situations. – **Yes**

1 3. Demonstrate that it will satisfy consumer protection and service quality standards.
2 - **No. Staff recommends that grant be conditioned on requirement to abide**
3 **by CTIA Code. Staff further recommends that the Commission address any**
4 **additional quality of service concerns in a rule making proceeding.**

5 4. Offer local usage plans comparable to those offered by the ILEC in the areas for
6 which it seeks designation. – **Yes**

7 5. Acknowledge that it may be required to provide equal access if all other ETCs in
8 the designated service area relinquish their designation. - **Yes**

9 **Q. How does Mr. McKinnie’s evaluation against these criteria compare to your**
10 **analysis?**

11 A: As described on pages 33 through 37 of my testimony, I evaluated MMC’s
12 application as follows:

13 1. Provide a five-year plan demonstrating how high-cost universal service support
14 will be used to improve its coverage, service quality or capacity in every wire
15 center for which it seeks designation and expects to receive universal service
16 support. – **Falls short in several respects**

17 2. Demonstrate its ability to remain functional in emergency situations. –
18 **Commission must determine if reliability measures are sufficient**

19 3. Demonstrate that it will satisfy consumer protection and service quality standards.
20 – **MMC has indicated acceptance of the CTIA Code**

21 4. Offer local usage plans comparable to those offered by the ILEC in the areas for
22 which it seeks designation. – **No**

23 5. Acknowledge that it may be required to provide equal access if all other ETCs in
24 the designated service area relinquish their designation. - **Yes**

25 **Q. Why do you believe that MMC has failed to meet the local usage standard?**

26 A: As more fully described on page 35 of my earlier testimony, local usage is
27 perhaps the most significant shortcoming of MMC’s application. Spectra and CenturyTel
28 offer basic local service plans that provide an unlimited amount of local calling over a
29 defined local calling area. In order to meet the “comparability” standard in Spectra and

1 CenturyTel's service areas, any offering for which MMC seeks to receive high-cost
2 universal service support must likewise offer unlimited local calling.

3 **Q. What other criteria has Mr. McKinnie proposed?**

4 A: On page 14 of his testimony, Mr. McKinnie recommends that the Commission
5 place the following requirements on MMC as conditions of receiving ETC status:

6 1. MMC shall follow the CTIA Code.

7 2. MMC shall provide annual updates to the Commission (or Staff) as described in
8 paragraph 69 of the FCC *ETC Designation Order*.

9 3. MMC shall not self-certify to the Universal Service Administrative Company
10 (USAC), but shall comply with the Commission's annual certification process.

11 **Q: Does CenturyTel and Spectra agree with these proposals?**

12 A: Yes.

13 **Q. Did the FCC limit the application of the minimum ETC qualification criteria
14 to only wireless carriers?**

15 A. No. The *ETC Designation Order* specifically clarified that the ETC designation
16 framework applies to any type of common carrier seeking an ETC designation, including
17 wireless and wireline ETC applicants.³ The FCC also encourages state commissions to
18 require ETC applicants to meet these same requirements and to conduct the same public
19 interest analysis outlined in the *ETC Designation Order* to all ETC applicant's in a
20 manner "consistent with the principle that universal service support mechanisms and
21 rules be competitively neutral."⁴

22 **Q: What other criteria has Ms. Meisenheimer proposed?**

³ *Id* at paragraph 17.

⁴ *Id* at paragraph 19.

1 A: On page 4 of her testimony Ms. Meisenheimer describes the following additional
2 conditions:

- 3 1. File and maintain with the Commission a current copy of service area maps, a list
4 of the local telephone exchanges in which service is available and an illustrative
5 copy of customer service agreements;
- 6 2. Provide a Link-Up discount of 50% from the Company's activation rate, up to a
7 maximum discount of \$30;
- 8 3. Refrain from increasing the rate or adversely altering the service elements of the
9 proposed Lifeline offerings contained in the Application;
- 10 4. Inform prospective Lifeline customers of the price of the lowest cost handset
11 available;
- 12 5. Act as a "carrier of last resort" throughout the requested service territory.
- 13 6. Pursue resale as an additional method of serving customers that request service in
14 areas where the Company is unable to provide facilities-based service using its
15 own facilities or those of another carrier with which it has partnered to provide
16 wireless service.

17 **Q: What is Spectra and CenturyTel's reaction to her additional proposed**
18 **criteria?**

19 A: With one possible exception, Spectra and CenturyTel support the additional
20 criteria recommended by Ms. Meisenheimer. We are particularly pleased that OPC has
21 recommended that Carrier of Last Resort obligations be included in the proposed
22 requirements. One of the primary purposes of universal service funding is to encourage
23 investment in telecommunications infrastructure in areas that would otherwise be
24 uneconomical to serve. By requiring prospective ETC applicants to commit to Carrier of
25 Last Resort obligations, the Commission would be assured that only carriers with a
26 sincere desire and demonstrated commitment to build facilities to serve throughout the
27 entire service area would receive high-cost funding. The five-year buildout plan would
28 serve as a litmus test and tracking tool for this commitment. It would assure that carriers

1 that only seek to serve the lowest-cost portions of the service area are not eligible for
2 high-cost funding.

3 **Q: What is CenturyTel's one possible exception to Ms. Meisenheimer's list?**

4 A: The one possible exception is the encouragement of resale as means for a carrier
5 to serve throughout the territory. It is true that under Section 214(e) of the 1996 Act a
6 carrier is allowed to use resale of another carrier's facilities and receive universal service
7 support, so long as it is in combination with use of the carrier's own facilities. While
8 resale constitutes a technical compliance with the minimum requirements of 214(e),
9 Spectra and CenturyTel believe that excessive reliance on resale should be considered a
10 negative in the public interest analysis that is also necessary when ETC status is
11 requested in the service area of a rural telephone company. As discussed above, one of
12 the primary goals of universal service funding is to incent investment in rural
13 telecommunications infrastructure. Particularly as multiple carriers, wireline and
14 wireless, compete for a limited pool of high-cost support funds, preference should be
15 given to those carriers who meet their ETC obligations through investment in rural
16 telecommunications infrastructure.

17 **Q: Could you please summarize your conclusions?**

18 A: The public interest requires that the Commission establish and enforce high
19 standards for ETC designation. Such standards should be rigorously enforced and
20 uniformly applied. The Commission should adopt Mr. McKinnie's recommendation that
21 the standards in the *ETC Designation Order* be applied by the Commission for ETC
22 designation cases in the State of Missouri, as well as the other noted criteria supported by
23 Mr. McKinnie and Ms. Meisenheimer. While MMC's Application may be close to

1 meeting these standards, the Commission should withhold grant of ETC status and
2 receipt of high-cost funding until such time that MMC has fully met all of the
3 qualification criteria. This will allow these criteria to function as an effective guarantee
4 that carriers that are granted ETC status are fully committed to making the necessary
5 investments to serve throughout the ETC serving area, that the universal service fund
6 remains sustainable, and that the public interest truly is preserved.

7 **Q: Does this conclude your surrebuttal testimony?**

8 A: Yes.

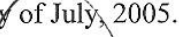
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State of Oklahoma)
) ss.
County of Oklahoma)

re true and correct to the best of his

Subscribed and sworn to before me this 12th day of July, 2005.

day of July, 2005.



Notary Public

