



Legal and External Affairs
6450 Sprint Parkway
Building 14
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April 28, 2003

FILED³

APR 28 2003

Secretary
Missouri Public Service Commission
200 Madison Street, Suite 650
P. O. Box 360
Jefferson City, Missouri 65102

**Missouri Public
Service Commission**

Re: In the Matter of the Investigation of the State of Competition in the Exchanges of
Sprint Missouri, Inc. Case No. IO-2003-0281

Dear Mr. Secretary:

Please find attached are the three (3) final pages of John Idoux's Non-Proprietary Direct Testimony filed on Friday, April 26, 2003 in the above referenced matter. Due to an oversight in copying, we failed to submit the last three (3) pages of the Non-Proprietary Direct Testimony of John Idoux. Please accept my apology for any inconvenience. If you have any questions, please feel free to contact me..

Thank you for your assistance.

Very truly yours,

Lisa Creighton Hendricks

LCH/dlh
Attachment

cc: Parties of Record

A. Yes. The City of Rolla imposes a franchise tax on all local service providers providing service within the city limits. As a result, both Sprint and Fidelity are required to submit to the City the franchise tax it collected, less any collection fees. It is important to note that the franchise fee is the same for Sprint as it is for its competitors. The following chart compares Sprint and Fidelity's franchise tax:

<u>Rolla</u>	Franchise Tax	
	<u>Sprint</u>	<u>Fidelity</u>
7/00	\$24,058	7/00-9/00 \$183
10/00	\$26,000	10/00-12/00 \$297
4/01	\$28,494	4/01-6/01 \$928
10/01	\$28,424	10/01-12/01 \$2,867
4/02	\$25,160	4/02-6/02 \$5,155
7/02	\$23,249	7/02-9/02 \$7,232
10/02	\$20,861	10/02-12/02 \$7,992
4/03	\$18,200	

As the above chart shows, Sprint's Rolla franchise fees have decreased approximately 25 percent whereas Fidelity's franchise tax has increased to where it is 40 percent of Sprint's total. Based upon the above chart, Fidelity has captured over 30 percent of the market.

Q. What is your conclusion regarding the status of competition in Sprint's Rolla exchange?

A. Sprint clearly faces effective competition in its Rolla exchange. In fact, Sprint has lost more than *** Start Proprietary *** *** End Proprietary *** percent of its market share in Rolla. During that same timeframe, Fidelity access line count has grown from zero to *** Start Proprietary *** *** End Proprietary *** . Fidelity is 100 percent facility based, offering a wide range of products and

1 packages, has been given ETC status, and advertises in general media throughout
2 the exchange. Fidelity's rates are substantially lower than Sprint's.

3
4 **St. Robert**

5 **Q. Besides Sprint, which carriers are providing local exchange telecommuni-**
6 **cations services in the St. Robert exchange?**

7 **A.** The same nine CLECs that serve Rolla also provide service in Sprint's St. Robert
8 exchange.

9
10 **Q. Is Sprint experiencing the same type of access line loss in St. Robert as it**
11 **experienced in Rolla with Fidelity as a competitor?**

12 **A.** Not yet; however, Fidelity just started providing service in St. Robert in February,
13 2003 and there is no reason to believe that Sprint will not experience a similar
14 situation. Fidelity is fully authorized to provide service in St. Robert and Sprint
15 has already lost the City of St. Robert which is now served by Fidelity. Based
16 upon Fidelity prepared literature, Fidelity has over 60 years of local telephone
17 service experience in Missouri and they are looking to expand their service area.
18 In fact, Fidelity has a Lucent 5ESS switch located in Rolla, along with a business
19 office and fully staffed service department. To fully utilize this investment,
20 Fidelity is expanding beyond the Rolla city limits and adding customers. In late
21 2002, Fidelity issued the following press release:

22 Fidelity Communications is making progress on extending lines into the
23 Oak Meadow Country Club area, with service available sometime this fall.
24 Its hybrid fiber coax lines carry telephone, cable TV and high-speed
25 Internet service.

1
2 The project extends from the city limits out Highway BB to the golf
3 course. It will makes services available to the Pines, Forest Lakes and
4 other subdivisions in the area, totaling almost 500 homes.
5

6 “The same services we’re offering in Rolla will be available out there,”
7 said Tim Riggs, Outside Plant Supervisor. “It’s the same technology we’re
8 using in the city limits of Rolla.”
9

10 Two nodes are being added, the first serving 298 homes and the second
11 serving 185. Fidelity crews are now installing underground and aerial fiber
12 optic and coax cables in some of the subdivisions.
13

14 “Our marketing department has been conducting surveys and gathering
15 information from potential customers in these areas,” Riggs said. “We
16 need to let people know they’ll have the same services as Rolla has
17 available to them in a few months.”²¹
18

19 **Q. Does this conclude your testimony?**

20 **A. Yes.**

²¹ Press Release, Fidelity Communications Company, 08/2002 – See Schedule JRI-16 for full press release