Exhibit No.:
Issues: Quality of Service

Witness: Larry Henderson
Sponsoring Party: Mo PSC
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Case No.: IO-2006-0086
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

LARRY HENDERSON

SPRINT NEXTEL CORPORATION

CASE NO. IO-2006-0086

Jefferson City, Missouri
January 2006

****Denotes Highly Confidential Information****

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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

Application of Sprint Nextel Corporation for Approval of the Transfer of Control of Sprint Missouri, Inc., Sprint Long Distance, Inc. and Sprint Payphone Services, Inc. From Sprint Nextel Corporation to LTD Holding Company.	))))))	Case No. IO-2006-0086

AFFIDAVIT OF LARRY HENDERSON

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Larry Henderson, of lawful age, on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 11 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Larry Henderson

Subscribed and sworn to before me this 4th day of January, 2006.

Notary Public

My commission expires June 7, 2008

CARLA K. SCHNIEDERS
Notary Public - Notary Seal
State of Missouri
County of Cole
My Commission Exp. 06/07/2008

SURREBUTTAL TESTIMONY

OF

LARRY HENDERSON

SPRINT NEXTEL CORPORATION

CASE NO. IO-2006-0086

Q. Please state your name.

A. My name is Larry R. Henderson.

Q. Are you the same Larry R. Henderson who filed Rebuttal Testimony in this case?

A. Yes.

Q. What is the purpose of your Surrebuttal Testimony?

A. My purpose is to respond to the testimony filed by Communications Workers of America's Research Economist Debbie Goldman. Specifically, I will respond to her basic claim that Sprint Missouri's service quality has been deteriorating. I will provide evidence that Sprint Missouri has been providing very good service for many years and service has improved rather than deteriorated over the past four years.

Q. Do you agree with Ms. Goldman's statement, page 19, line 9, that service quality at Sprint Missouri has been deteriorating over the past seven years?

A. No. In my opinion such a statement is misleading, especially if Ms. Goldman is concluding Sprint Missouri is providing inadequate service. I will respond to her use of information contained in the Automated Reporting Management Information System (ARMIS) report. Ms. Goldman fails to mention how Sprint's ARMIS report results are better than the results submitted by other companies. Second,

there is a logical reason to expect the ARMIS measurement for the out-of-service repair interval to increase over the past decade. Third, Ms. Goldman may have misquoted some of the data contained in the ARMIS report.

Q. Do you have a general comment about the FCC's ARMIS report quality of service data?

A. Yes. The FCC does not establish service objectives for these measurements. In other words, the FCC has not tried to establish a minimum threshold performance result where, if performance crosses a certain threshold, that the company's service quality should be considered inferior. The FCC is simply attempting to identify trends. Such an approach differs from the Missouri Public Service Commission quality of service results in that the Missouri Commission does establish service objectives.

Q. How do Sprint Missouri's ARMIS report results compare with the results submitted by other companies?

A. Schedule 1 lists other companies submitting quality of service results to the ARMIS report Out Of Service Repair interval. The schedule indicates the average hours taken by reporting price cap companies to restore an out of service condition. This time is calculated from the time the report was received to the time the report was closed. The time frame for the schedule is 1998 thru 2004. A company aggregate is shown for BellSouth; Qwest; SBC; Verizon; AllTel; Cincinnati; Citizens and Sprint. Results for Sprint Missouri are stated as a stand- alone company but are also contained in Sprint's aggregate results. In 1998, Sprint Missouri had a time interval of 13.3 hours. The average of all companies in 1998 was 23.3 hours. In 2004, Sprint Missouri had a time interval of 16 hours. The average of all companies in 2004 was 25.8 hours. It is notable

that Sprint Missouri has the second lowest receipt-to-close hours in the nation, in both 1998 and 2004.

Q. Has the ARMIS measurement for the out-of-service repair interval increased for most companies?

A. Yes. Schedule 1 demonstrates that the average of all reporting companies increased from 23.3 hours to 25.8 hours. This 2.5 hour difference represents an 11% increase from 1998 to 2004. Sprint Missouri's interval increased from 13.3 hours to 16 hours. This 2.7 hours increase represents a 20% increase. The percentage difference appears significant, but percent change is a misleading indicator. Schedule 1 demonstrates that ALLTEL had a 53% increase in out-of-service repair interval time from 1998 through 2004. However, their out-of-service repair interval is the lowest in the nation at 15.3 hours.

Q. Would you expect the out-of-service repair interval to increase over the past decade?

A. Yes. Unless a company has extremely poor performance to begin with, I would expect most companies to experience increased out-of-service repair intervals. The ARMIS measurement for the out-of-service repair interval attempts to measure the length of time it takes a company to resolve an out-of-service condition. The timing of this measurement begins when the company receives the trouble report and concludes when the company resolves it. Receipt of a customer's trouble report is when the customer calls the company to report the trouble. After regular business hours, a company may simply record the necessary information at the time of the customer's call and then act on it the next day.

I would expect this measurement interval to increase over the past decade because consumers have increased opportunities to report trouble, especially outside normal business hours. For example, in order to report their phones are out of service, a consumer must contact the company. In my opinion, in the past most customers did not have the capability to immediately report the trouble. A customer may have to wait until the next day and report the trouble when they have access to a operational phone at work, or alternatively the customer could try and find a working phone at a neighbor's house or another location and place the call to the company. However, today many customers have a wireless phone and they could use a wireless phone to immediately report the trouble. In the past, I think it is reasonable to expect most consumers discovering an out-of-service condition after regular business hours would wait until the next morning when they would have access to a working phone to report the trouble. As more consumers immediately report trouble on their phone lines, such consumer response will place pressure to increase a company's out-of-service interval.

Q. Please explain.

A. Immediately reporting trouble can have an impact on a company's out-of-service interval. As an example, if a consumer discovers their phone service is out-of-service at 6:00 pm and reports it at 8:00 am the next day, the out-of-service interval will be nine hours if the company restores service by 5:00 pm. If the consumer immediately reports trouble at 6:00 pm and the company restores service by 5:00 pm the next day, the out-of-service interval is 23 hours. In this respect, as more consumers immediately report trouble such a consumer response will tend to increase a company's out-of-service interval even though the company may be consistently restoring service within 24 hours.

Q. Should an increase in a company's out-of-service repair interval reflect deteriorating service?

A. Not necessarily. I would be cautious in drawing such a conclusion. It is possible for a company to continue to provide the same or even better service than it has previously but experience an increase out-of-service repair interval solely on the basis that consumers have increased opportunity to report trouble during after hours.

Q. Do you have any comments regarding the percentage increases of the various measurements cited in Ms. Goldman's testimony?

A. Yes. Although I disagree with her ultimate conclusions that Sprint Missouri's service has been deteriorating, the data cited her testimony is confusing and perhaps inaccurate. Her testimony, page 19, lines 14-20, suggests Sprint's out-of-service repair interval increased 20% from 1998 to 2004. In addition, her testimony suggests Sprint's repeat trouble reports increased by 121% during this same time period. I'd like to comment about each of these percentages.

Q. What comments do you have regarding Ms. Goldman's suggestion that Sprint's out-of-service repair interval increased 20% from 1998 to 2004?

A. Ms. Goldman states that Sprint Missouri's out-of-service repair interval averaged 10.6 hours in 1998 and this figure grew to 15.4 hours in 2004. Her testimony fails to clarify how these figures represent an increase of 20%; however, my review of the FCC's ARMIS report shows that Sprint Missouri's out-of-service interval for 1998 was 13.3 hours rather than 10.6 hours. The FCC's ARMIS report also shows Sprint Missouri's out-of-service interval for 2004 was 16 hours rather than 15.4 hours. In this regard, her comparison of Sprint Missouri's out-of-service repair interval for 1998 versus 2004 should be 13.3 hours in 1998 and 16 hours in 2004.

Q. If Ms. Goldman had only looked at Sprint Missouri's out-of-service repair interval results for the last five years rather than seven years what do the ARMIS report results show?

A. Schedule 2 shows the ARMIS report data for out-of-service repair intervals from 2000 thru 2004. The exhibit shows Sprint Missouri's out-of-service repair interval time decreased from 16.3 hours to 16 hours. This change represents a two percent decline in out-of-service repair interval time.

Q. What comments do you have regarding Ms. Goldman's suggestion that Sprint's repeat trouble report percentage increased by 121%from 1998 to 2004?

A. This percentage appears to be over-stated. Ms. Goldman's Exhibit 17 shows this percentage should be approximately 62% rather than 121%. Therefore, Ms. Goldman's exhibit and the figure cited on page 19 of her testimony are inconsistent.

Q. Do you have any other comments about Ms. Goldman's reference to the repeat trouble report measurement?

A. Yes. In my opinion, the Federal Communications Commission's (FCC's) repeat trouble report rate may not provide an accurate reflection of the company's quality of service. The FCC's criteria for repeat trouble reports is simply based on two criteria: (1) the initial report has to be coded out of service and closed, and (2) the second report on the same line must be received within 30 days of the closing of the first report. An incorrect inference might be that a second trouble report is a negative reflection on the company in the sense the company failed to properly resolve the customer's initial trouble report. However, the FCC's measurement does not attempt to make any distinction on the relationship between the customer's two trouble reports. In other

words, the customer's second trouble report could be caused by events totally beyond the control of the company. For example, customer trouble reports caused by a cut cable or faulty customer premise equipment could still be counted in calculating a company's repeat trouble report rate according to the FCC's definition.

Q. Is it common for trouble reports to be caused by events totally beyond the control of the company?

A. Yes. Operational reviews conducted by the Commission Staff indicate that on average 65% of total trouble reports received by a company are not related to the company's network. This figure suggests that over half of a company's trouble reports can be caused by factors beyond the company's control. For example, reported trouble could be caused by faulty customer provided wiring and customer provided equipment. I simply bring this point up to raise caution from drawing conclusions from the FCC's measurement of trouble reports, for the FCC does not appear to make distinction between troubles caused by the company's facilities versus factors beyond the company's control.

Q. Is Sprint Missouri providing inadequate service?

A. No. Any inference that Sprint Missouri is providing inadequate service is incorrect. As pointed out in my Rebuttal Testimony, Sprint Missouri is in compliance with the service objectives and is exceeding the surveillance levels for quality standards established by this Commission in rule 4 CSR 240-32.080. Schedules 3 through 7 show Sprint Missouri's quality of service results for the past seventeen quarters (from the third quarter of 2001 through the third quarter of 2005). Specifically, these schedules show Sprint Missouri's performance results for several different measures. Overall, these schedules show the company provides very good service to its customers.

Q. What specific information is contained in these schedules?

A. These schedules graphically show Sprint Missouri's performance results for a particular measure. Each schedule attempts to also show the trend line for Sprint Missouri's results. The schedules also identify the Commission's service objective and surveillance level for a particular measure.

Q. Please explain the distinction between service objective versus surveillance level.

A. A service objective represents an acceptable level of service for an established category of service or performance measure. In contrast a surveillance level represents a substandard level of performance for an established category of service or performance measure. If a company's performance result falls within surveillance level the company is required to immediately investigate and take appropriate corrective action to achieve and maintain the Commission's service objective. In general, the Commission's rules establish a buffer zone between a measure's service objectives versus surveillance level. In other word, it is possible for a company to fail to meet the Commission's service objective but still not fall into the Commission's surveillance level. Surveillance level is viewed as substandard performance clearly requiring immediate attention by the company.

Q. Please explain Schedule 3.

A. Schedule 3 shows Sprint Missouri's quarterly performance results of installation of basic local telecommunications service within five days. This measure attempts to show if a company is responding to requests for telecommunications service in a timely manner. The Commission's service objective is to install basic local telecommunications service within five days for at least 90% of the company's orders for basic local service. Sprint Missouri exceeded this objective for all quarters. This

schedule also shows that Sprint Missouri has steadily improved its performance for this measure during the third quarter of 2001 through the third quarter of 2005.

Q. Please explain Schedule 4.

A. Schedule 4 shows Sprint Missouri's quarterly performance results for meeting installation commitments given for the installation of basic local telecommunications service. This measure attempts to show if a company is installing service within the time frame or time commitment provided to the customer. The Commission's service objective is to meet at least 90% of the company's commitments for installing basic local service. Sprint Missouri exceeded this objective for all quarters. This schedule also shows that Sprint Missouri has steadily improved its performance for this measure during the third quarter of 2001 through the third quarter of 2005.

Q. Please explain Schedule 5.

A. Schedule 5 shows Sprint Missouri's quarterly performance results regarding the number of trouble reports received per 100 access lines. This measure attempts to show if a company's customers are experiencing a significant amount of trouble with their telecommunications service. Trouble reports caused by faulty customer premise equipment or inside wire are not counted in this performance measure. The company needs to specifically identify the cause of the problem in order to exclude the trouble report from its performance result. In this respect, if the company investigates a trouble report and the line tests ok the trouble report is included in the company's calculation for this performance measure. Likewise, a trouble report for the same access line for trouble already reported but not yet cleared is not counted. The Commission's service objective is for a company to have less than 6 trouble reports per 100 lines. Sprint Missouri was significantly below this objective for all seventeen quarters. Sprint

Missouri averaged approximately ** _** trouble reports per 100 lines during this time period.

Q. Please explain Schedule 6.

A. Schedule 6 shows Sprint Missouri's quarterly performance results for resolving out–of-service trouble reports, and. specifically what percentages of out-of-service trouble reports are cleared in less than 24 hours. A company is allowed to exclude certain trouble reports as described for Schedule 5. The Commission's service objective is to clear at least 90% of out-of-service trouble reports within 24 hours. Sprint Missouri exceeded this objective for ** ___** out of 17 quarters. Sprint failed to meet this Commission objective during the 3rd quarter of 2005, the most recent reporting time period, with ** ____** of out-of-service trouble reports restored within 24 hours. Despite not meeting the Commission's service objective for this quarter, the company still exceeded the Commission's surveillance level of 85%.

Q. Please explain Schedule 7.

A. Schedule 7 shows Sprint Missouri's quarterly performance results in meeting repair commitments for the repair of basic local telecommunications service. This measure attempts to see if a company resolving trouble reports within the time frame originally provided to the customer. The Commission's service objective is to resolve at least 90% of trouble reports within the time frame provided to the customer. Sprint Missouri met this objective only ** _ ** out of 17 quarters from the third quarter of 2001 to the third quarter of 2005. Despite not meeting the Commission's service objective, Sprint Missouri still exceeded the Commission's surveillance level of 85% for all for all 17 quarters.

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Q. Please explain Schedule 8.

A. Schedule 8 takes information from Schedules 5 and 6 by determining what percent of total trouble reports reflect an out-of–service condition. The time frame of this schedule is for seventeen quarters from the third quarter of 2001 to the third quarter of 2005. This report is used to verify if a company is coding trouble reports correctly. This report provides a certain amount of validity to trouble report data contained in the quarterly quality report. A low percentage of out-of- service reports would prompt questions concerning the validity of out-of-service cleared within 24 hours.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes, it does.

SCHEDULE 1

Out of Service Repair Intervals in Hours receipt to clear

(Includes Initial Out-of-Service and Repeat Out-of-Service Intervals)

7 Year Trend

All Reporting ILECs, Business & Residence

COMPANY	1998	1999	2000	2001	2002	2003	2004	%Change
BELLSOUTH AGGREGATE	21.5	22.9	21.6	19.4	18.7	20	31.5	47%
QWEST AGGREGATE	26.6	26.8	19.8	14.5	13.9	14.7	16.3	-39%
SBC AGGREGATE	27.6	23.9	36.1	23.6	20.5	20.1	23.7	-14%
VERIZON AGGREGATE	19.4	20.7	23	19.7	21.3	28.9	27.4	41%
ALLTEL AGGREGATE	10	7.1	7.5	15.3	9.2	24.4	15.3	53%
CINCINNATI BELL AGGREGATE	NA	30.1	35.9	38.6	34.7	57.9	26.7	-11%
CITIZENS AGGREGATE	22.1	16.3	18.9	19.7	15.9	23.2	20.3	-8%
SPRINT AGGREGATE	14.8	18.5	16.1	13.8	15.5	17.5	22.9	55%
All Reporting ILECs	**23.3**	**22.7**	**26.6**	**20.3**	**19.6**	**22.6**	**25.8**	**11%**
Sprint Missouri	**13.3**	**13.8**	**16.3**	**14.2**	**17.1**	**15.4**	**16**	**20%**

SCHEDULE 2

Out of Service Repair Intervals in Hours receipt to clear

(Includes Initial Out-of-Service and Repeat Out-of-Service Intervals)

5 Year Trend

All Reporting ILECs, Business & Residence

COMPANY	2000	2001	2002	2003	2004	% Change
BELLSOUTH AGGREGATE	21.6	19.4	18.7	20	31.5	46%
QWEST AGGREGATE	19.8	14.5	13.9	14.7	16.3	-18%
SBC AGGREGATE	36.1	23.6	20.5	20.1	23.7	-34%
VERIZON AGGREGATE	23	19.7	21.3	28.9	27.4	19%
ALLTEL AGGREGATE	7.5	15.3	9.2	24.4	15.3	104%
CINCINNATI BELL AGGREGATE	35.9	38.6	34.7	57.9	26.7	-26%
CITIZENS AGGREGATE	18.9	19.7	15.9	23.2	20.3	7%
SPRINT AGGREGATE	16.1	13.8	15.5	17.5	22.9	42%
All Reporting ILECs	**26.6**	**20.3**	**19.6**	**22.6**	**25.8**	**-3%**
Sprint Missouri	**16.3**	**14.2**	**17.1**	**15.4**	**16**	**-2%**

Schedules 3 through 8 Are Deemed Highly Confidential In Their Entirety