

Exhibit No.:

Issue: Application for Designation as an Eligible
Telecommunications Carrier

Witness: Kevin Dawson

Type of Exhibit: Amended Surrebuttal Testimony

Sponsoring Party: Missouri RSA No. 7 Limited Partnership
d/b/a Mid-Missouri Cellular

Case No.: TO-2003-0531

Date Testimony Prepared: January 14, 2004

MISSOURI RSA No. 7 LIMITED PARTNERSHIP

d/b/a

MID-MISSOURI CELLULAR

AMENDED SURREBUTTAL TESTIMONY

OF

KEVIN DAWSON

FILED³

FEB 19 2004

**Missouri Public
Service Commission**

CASE No. TO-2003-0531

Exhibit No. 2
Case No(s). TO-2003-0531
Date 1-28-04 **Rptr** NT

1 **AMENDED SURREBUTTAL TESTIMONY**
2 **OF**
3 **KEVIN DAWSON**
4 **APPLICATION OF MISSOURI RSA No. 7 LIMITED PARTNERSHIP**
5 **d/b/a MID-MISSOURI CELLULAR**
6 **CASE NO. TO-2003-0531**
7

8 Q. Have you reviewed the Rebuttal Testimony of: Adam McKinnie on behalf of the
9 Telecommunications Department Staff ("Staff") of the Missouri Public Service Commission;
10 Robert C. Schoonmaker on behalf of Alma Telephone Company and Citizens Telephone
11 Company; and Arthur P. Martinez on behalf of Spectra Communications Group, LLC
12 d/b/a CenturyTel and CenturyTel of Missouri, LLC in this proceeding?

13 A. Yes I have.

14 Q. How will you refer to the three rebuttal testimonies in your instant surrebuttal
15 testimony?

16 A. I will refer to them as: (a) the McKinnie Rebuttal (on behalf of Commission
17 Staff); (b) the Schoonmaker Rebuttal (on behalf of Alma and Citizens); and (c) the Martinez
18 Rebuttal (on behalf of CenturyTel).

19 Q. Please comment on Mr. Schoonmaker's testimony regarding how MMC intends
20 to offer Lifeline service?

21 A. The Schoonmaker Rebuttal (p. 12, line 25) singles out Mid-Missouri Cellular's
22 (MMC) 350 Minute Local Plan (for \$19.95 monthly), which Mr. Schoonmaker characterizes as
23 MMC's lowest price plan and hence the one most-likely to be selected by a low-income
24 individual as his/her Lifeline plan. Mr. Schoonmaker then testifies that, to avoid usage costs a
25 Lifeline subscriber might have in an "unusual month," where he or she makes 1100 minutes of
26 daytime calls, the subject subscriber could sign up for MMC's Unlimited Zone Plan ("UZP"),

1 which provides for unlimited local calling at \$34.95 monthly or \$33.20 for the qualified Lifeline
2 subscriber. Mr. Schoonmaker then compares at MMC's UZP with the \$8.40 Citizens' residential
3 service plan and with the \$6.50 Alma residential service plan. He concludes (p. 14, line 1) that
4 the public interest benefit of providing universal service support for UZP "would be very
5 minimal since the customer could obtain similar service" from Citizens and Alma.

6 Note first that Mr. Schoonmaker's claim that MMC's UZP is "similar" to Citizens and
7 Alma's basic residential service is refuted extensively in other surrebuttal testimony that MMC is
8 filing simultaneously herewith. Further, the Schoonmaker Rebuttal inaccurately states the costs
9 that will be incurred by MMC Lifeline customers.

10 The Commission does not regulate MMC's rates, and the FCC has established no rate
11 requirements either in terms of mandatory ceilings or acceptable ranges as a condition for ETC
12 eligibility. Accordingly, MMC included no complete listing of its various rate plans with its
13 original ETC application. In response to a Staff data request last October, however, MMC
14 provided more detailed pricing information including a sample bill for a MMC Lifeline
15 customer. This sample Lifeline bill, which is appended hereto, indicated an \$8.00 monthly
16 access fee, which was offset by the \$1.75 Lifeline credit. The resulting net monthly cost to
17 MMC's Lifeline subscriber was \$6.25, plus 48 cents in total taxes. This \$6.25 Lifeline-only plan
18 compares favorably to the Alma \$6.40 plan and is well below the Citizens \$8.40 plan. Notably,
19 Mr. Schoonmaker (p. 14, lines 1-3) first mentions those plans as if they were the special Lifeline
20 offerings of Alma and Citizens respectively. Subsequently, however, he characterizes the
21 subject rates as those for basic residential service (p. 14, lines 17-22) strongly suggesting that
22 Alma and Citizens have not reduced their tariffed rates for the benefit of Lifeline subscribers.

23 MMC's Lifeline subscriber will enjoy mobile telecommunications service throughout the
24 reliable service area of the cell (or cells) that serve his or her home. (A single MMC cell site's
25 reliable service area is encompassed within a radius that may range ten to eighteen miles from
26 the site's transmitting antenna.) Alma and Citizens' Lifeline customers, by contrast,

1 can use their wireline lifeline phone only within the confines of their home. In addition to the
2 convenience of home-cell site (or sites) mobility, MMC Lifeline subscribers, in emergency
3 situation, will be able to use their phones **anywhere in the United States**. FCC rules require all
4 carriers to route calls placed to 911, without cost to the user and regardless of this or her calling
5 plan. Home-cell mobility, "911" calling anywhere in the United States, and monthly pricing that
6 is either equivalent to or below that charged by Alma and Citizens for basic residential service
7 represent three substantial public interest benefits attending MMC's proposed Lifeline service.

8 Q. Will granting ETC status to MMC have any impact on existing wireline Lifeline
9 customers in MMC's proposed ETC area?

10 A. Most definitely. MMC has served *bona fide* requests for local number portability
11 on Citizens, Alma, Mid-Missouri Telephone Company ("MMTC") and CenturyTel. MMC is in
12 the process of serving such *bona fide* requests on Southwestern Bell and Sprint. Grant of ETC
13 status to MMC will enable any existing wireline Lifeline customers within MMC's ETC service
14 area to move both their Lifeline service and their existing telephone numbers to MMC.

15 Q. Would Lifeline customers have this capability without grant of ETC status to
16 MMC?

17 A. No, they would not. MMC's ability to offer low-cost Lifeline service depends on
18 its access to USF funds, which in turn depends on the Commission designating MMC ETC status
19 as requested in its ETC application. MMC is simply not in a financial position to offer Lifeline
20 (and Link-Up) discounts without the USF support.

21 Q. Wouldn't existing Lifeline subscribers be able to port their wireline numbers even
22 if the Commission denied ETC status to MMC?

23 A. Unfortunately, without the grant of ETC status as proposed in MMC's ETC
24 application, the Commission will erect an artificial barrier to local number porting based solely
25 upon existing wireline customers' income levels. Lacking the ETC status it requested, MMC
26 will be unable to offer its proposed Lifeline service. In this situation, other ILEC customers

1 would have the motivation and ability to port their existing LEC number to MMC, but ILEC
2 Lifeline subscribers would have absolutely no reason to do so because they would lose their
3 Lifeline benefit in the process. Constraining the porting rights of wireline subscribers based
4 upon their Lifeline status (*i.e.*, their income level) appears contrary to the public interest and to
5 public policy. Allowing all current ILEC subscribers the right to transition to wireless service
6 while retaining their current telephone numbers will clearly serve the public interest.

7 Q. Mr. McKinnie testifies that the grant of ETC status to MMC may allow the Mid-
8 Missouri family of companies to receive USF monies twice (or "double dip") for the same
9 equipment and/or services. Is this correct?

10 A. No. Mr. McKinnie's double-dipping allegation rests on the incorrect assumption
11 that where MMC and MMTC "share" employees, equipment or facilities then MMTC is already
12 recovering the full costs associated with those shared resources from the USF. In fact, where
13 MMTC shares its employees, equipment or facilities with MMC, only the expenses associated
14 with its own beneficial use of the resource in question was allocated to MMTC's cost basis for
15 purposes of establishing the MMTC's USF support. In reality, this practice reduced the cost
16 basis on which MMTC's USF support was based.

17 Q. Can you provide an example of how that worked?

18 A. Yes. When MMC first started offering service, although MMC required
19 specialized billing software, MMC did not have the need for its own full time billing personnel.
20 At that time, MMTC had employees that performed phone company billing functions
21 exclusively; their salaries and other expenses were paid entirely by MMTC and these costs were
22 accounted solely in MMTC's rate base. The workload of these employees, however, ebbed and
23 peaked with the billing cycle. As a result, they experienced considerable down-time during a
24 portion of the cycle. When MMC began providing service, sharing MMTC billing employees
25 between the two carriers was an obvious solution to the cyclical nature of the MMTC
26 employees' workload, on the one hand, and MMC's need (at the time) for only part-time billing

1 support, on the other.

2 In sharing MMTC billing employees between the two companies, only the portion of the
3 employee costs associated with telephone company work are allocated to MMTC's cost base.
4 The fully loaded costs associated with the subject employees' work on MMC bills are allocated
5 to MMC. In response to MMC Data Request Nos. 10 and 11, Staff acknowledges that the two
6 companies have properly accounted for this sharing of resources but nevertheless concludes
7 without any explanation or clarification whatsoever that:

8 If MMTC and MMC are currently sharing expenses for services
9 and equipment that the USF is intended to subsidize, then it is
10 possible that the grant of ETC status to MMC will result in the
11 Mid-Missouri family receiving monies from the USF twice for the
12 same set of equipment or providers of service

13 The Staff is the only party in this proceeding asserting this contention, which I believe is
14 factually incorrect.

15 Q. Do MMC and MMTC currently share any employees?

16 A. No. MMC has grown and the wireless industry has matured to the point where
17 MMC no longer utilizes any MMTC employees.

18 Q. Does that conclude your surrebuttal testimony?

19 A. Yes it does.

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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-2003-0531
Company Carrier Eligible for Federal)	
Universal Service Support pursuant to § 254 of)	
the Telecommunications Act of 1996)	
)	

AFFIDAVIT OF KEVIN DAWSON

CITY OF SEDALIA)	
)	ss.
DISTRICT OF PETTIS)	

Kevin Dawson, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Amended Surrebuttal Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Amended Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

/s/ Kevin Dawson
Kevin Dawson

Subscribed and sworn to before me this ____ day of January, 2004.

/s/
Notary Public

APPENDIX I

Sample Lifeline Bill

Amount Enclosed
(If Not Full Payment)

Amount Due

\$ 6.73

Addressed To

LIFELINE DEMO ACCOUNT
DEMO ACCOUNT
1500 S LIMIT AVE
SEDALIA MO 65301

Delinquent After
Nov 1, 2003 Invoice
Account

Nov 25, 2003
00000000
MMC02-878977

Remit To

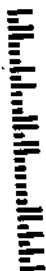
MID-MISSOURI CELLULAR
1500 S LIMIT AVE
SEDALIA MO 65301

Check here if name or address changes
have been indicated on reverse side.



SAMPLE

LIFELINE DEMO ACCOUNT
DEMO ACCOUNT
1500 S LIMIT AVE
SEDALIA MO 65301



R:2003113 G:000 S:000000

A Hach mact B-1

T000:D00

Page 1 of 2

Mid-Missouri Cellular	
For billing questions, please call 1-800-242-6516. For service questions, please call 1-800-242-6516.	
Statement of New Charges	\$ 6.73
Mid-Missouri Cellular - Service Charges	\$ 6.73
Total New Charges	\$ 6.73
Amount Due	

Amount Due

\$ 6.73

Delinquent After
Nov 1, 2003 Invoice
Account
Nov 25, 2003
00000000
MMC02-878977

Mid-Missouri Cellular

For billing questions, please call 1-800-242-6516.
For service questions, please call 1-800-242-6516.

One Time Charges and Credits Summary**OCC**

	Amount
LifeLine Cellular - Sedalia Resident	8.00
LifeLine Credit	1.75
Universal Service Fund	0.21
Universal Service Fund Credit	0.21
Total One Time Charges and Credits	6.25

Charge Summary**Explanation****Amount**

1500 S LIMIT AVE	
Analog Service	(660) 619-0024
Universal Service Fund*	
1500 S LIMIT AVE	
Total Charges	\$ 0.00

Tax Summary**\$ 0.00****Tax**

	Amount
State Tax	\$ 0.27
County Tax	0.06
City Tax	0.15
Total Taxes	0.48

Total for Mid-Missouri Cellular**\$ 6.73**

R: 2003113 G: 000 S: 00000

Account MMC02-878977

SAMPLE

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Attach must B-2