

AFFIDAVIT OF LISA WINBERRY IN SUPPORT
OF COMPANY'S RATE TARIFFS

Affiant, being duly sworn deposes and states:

1. My name is Lisa Winberry, and I am the General Manager of BPS Telephone Company ("Company"). I am familiar with Company's business and operations. Based on my knowledge of the Company, I have knowledge of the facts contained herein, and I am competent and authorized to testify on these matters.

2. **The Company.** Company is a small, incumbent local exchange carrier (ILEC), providing local and exchange access services in high cost, rural Missouri. Company provides these services in and around the communities of Bernie, Parma and Steele, Missouri. Company provides these services in accordance with the rates, terms, and conditions set forth in its tariffs on file with and approved by the Missouri Public Service Commission ("Commission" or "PSC").

3. BPS Telephone Company began operations in 1996 and has never had a local rate increase.

4. Over the last five to ten years, Company has experienced a reduction in the number of local exchange access lines (line loss) as well as a reduction in the amount of intrastate access minutes of use due to competition from other voice service offerings such as wireless and voice over Internet protocol (VoIP) services.

5. As a result of this competition and recent FCC *Orders*, Company has elected, in accordance with §392.420 RSMo, to waive certain statutes and rules, including §392.240.1, which requires the Commission to give "due regard, among other things, to a reasonable average return upon the value of property actually used in the public service . . ." when setting just and reasonable rates. Company's waivers were acknowledged by the Commission in Case No. TE-2012-0073.

6. **The Federal Communications Commission Nov. 18, 2011 Order.** On November 18, 2011, the Federal Communications Commission (FCC) issued its *Universal Service Fund (USF) and Intercarrier Compensation (ICC) Transformation Order* (FCC Order).¹ Specifically, the FCC Order:

- (a) established a \$10.00 local rate floor for residential service that all ILECs must meet or lose federal High Cost Loop (HCL) Universal Service Fund (USF) support in the amount by which the rate floors exceed company's local rates;
- (b) capped ILECs' intra-state access rates and required the ILECs to lower their intra-state access rates by 50% of the difference between the ILECs' inter-state access rates, by July 1, 2012;
- (c) requires ILECs to cease charging their Commission-approved rates for intra-MTA traffic which wireless carriers terminate to Company's customers and move to a bill-and-keep regime (*i.e.* no compensation) for this wireless traffic as of July 1, 2012; and

¹ *Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 10-90 et al., FCC 11-161.

- (d) requires ILECs to begin charging inter-state access rates (which are lower than intra-state access rates) for all VOIP traffic beginning December 29, 2011, including intrastate toll VOIP traffic.

These changes mandated by the FCC will directly impact Company's three primary sources of revenue: (A) end user (customer) rates; (B) intercarrier compensation (company-to-company) rates; and (C) USF support.

7. Essentially, the net effect of the FCC's *Order* will result in negative revenue impacts for Company. For example, even if Company continues to terminate the same amount of traffic in July 2012, the FCC's mandated reductions in access rates and elimination of reciprocal compensation rates for intraMTA wireless traffic will cause immediate revenue reductions in intercarrier compensation received by Company. Moreover, if Company does not raise its local rates to \$10.00 by July 1, 2012, then Company will lose High Cost Loop (HCL) support in the amount of the difference between Company's local rates and the FCC's \$10.00 minimum rate on a dollar-for-dollar basis.

8. **The Tariff Filing.** In order to meet the FCC's mandate and avoid the reduction in high-cost fund support, Company is herewith filing revised tariffs to increase its rates for local services. The effect of the proposed changes on customers and Company is shown on Attachment A [Proprietary] hereto.

9. While facing the additional loss of intercarrier compensation revenues as described above, Company, nevertheless, is also making changes to its tariff rates and charges in order to mitigate this rate increase for its customers. Company will offer the

following call features at no charge as part of its local service offering: Call Transfer, Speed Calling (8) and Automatic Call Back.

10. Company will provide notice to all of its customers of the rate changes. A copy of the customer notice is included with its tariff filing as Attachment B.

FURTHER AFFIANT SAYETH NOT.

I declare under penalty of perjury that the above is true and correct to the best of my knowledge and belief.

DATED: May, 2012

By: Lisa Winberry

The above person, Lisa Winberry, personally known to me, signed the above and foregoing affidavit in my presence on May 4th, 2012, after having been duly sworn by me under oath and affirming that the statements made in the foregoing affidavit are true and correct.

SUBSCRIBED AND SWORN to

Before me this 4th day of May, 2012.

Belinda Poe Elder

Notary Public

My Commission expires: _____

