

Exhibit No.:
Issues: Telephone Specific
Witness: William L. Voight
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Type of Exhibit: Rebuttal Testimony
Case No.: TM-2006-0272
Date Testimony Prepared: March 8, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

WILLIAM L. VOIGHT

ALLTEL MISSOURI, INC.

CASE NO. TM-2006-0272

**Jefferson City, Missouri
March 8, 2006**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

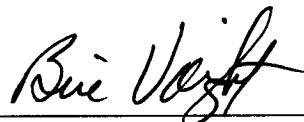
In the Matter of the Application for)
Approval of the Transfer of Control of)
Alltel Missouri, Inc. and the Transfer)
of Alltel Communications, Inc.)
Interexchange Service Customer Base.)

Case No. TM-2006-0272

AFFIDAVIT OF WILLIAM L. VOIGHT


STATE OF MISSOURI)
) ss
COUNTY OF COLE)

William L. Voight, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 10 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal 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.



William L. Voight

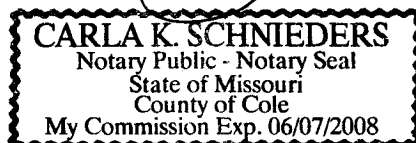
Subscribed and sworn to before me this 7th day of March, 2006.



Notary Public

My commission expires

June 7, 2008



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REBUTTAL TESTIMONY
OF
WILLIAM L. VOIGHT
ALLTEL MISSOURI, INC.
CASE NO. TM-2006-0272

Q. Please state your name and give your business address.

A. My name is William L. Voight and my business address is P.O. Box 360,
200 Madison Street, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission as a
supervisor in the Telecommunications Department. I have general supervisory
responsibility for staff recommendations pertaining to tariff filings, interconnection
agreements, and telephone company mergers and acquisitions. In conjunction with other
staff persons, I provide staff recommendations on a wide variety of other matters before
the Commission including rule makings, complaints filed with the Commission, and
Commission comments to the Federal Communication Commission (FCC). My duties
have also involved participation as a member of the Commission's Arbitration Advisory
Staff, which is comprised of subject matter experts who assist an arbitrator in
interconnection and compensation disputes involving the Federal Telecommunications
Act of 1996. Lastly, I participate in and coordinate special projects, as assigned by
management. Examples of special projects include Case No. TW-2004-0324, a Study of
Voice over Internet Protocol in Missouri, and Case No. TW-2004-0471, a Commission-
appointed Task Force to study expanded local calling in Missouri. As necessary and

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William L. Voight

1 appropriate, I also provide assistance to the Commission, upper management, and
2 members of the General Assembly on legislative matters.

3 **Q. What is your education and previous work experience?**

4 A. I received a Bachelors of Science degree with a major in economics from
5 Lincoln University in Jefferson City, Missouri. A copy of relevant work history is
6 attached as Schedule 1.

7 **Q. Have you previously testified before the Commission?**

8 A. Yes, a list of cases where I have served as a witness by providing
9 testimony is attached as Schedule 2.

10 **Q. What is the purpose of your Rebuttal Testimony?**

11 A. My testimony is responsive to the December 22, 2005 Application to
12 Transfer Control of Alltel Missouri, Inc. (Alltel or Alltel Missouri), and its associated
13 long distance customers (collectively, "Application"). My testimony also responds to the
14 prefiled Direct Testimonies of Alltel witnesses Gardner and Richey. Specifically, my
15 testimony addresses the claims of Alltel that transfer of its local and long distance
16 customers is not detrimental to the public interest. Consistent with Mr. Richey's
17 characterization, I shall refer to the new as-yet-to-be-named entity as the "Merged
18 Wireline Business" to reflect the formation of the new local and long distance entity and
19 the merger with Valor.

20 **Q. Mr. Voight, why is it necessary for the Commission to closely**
21 **scrutinize the separation of Alltel's wireline business and its merger with Valor?**

22 A. Alltel Missouri has carrier-of-last-resort obligations. Section 392.460
23 RSMo. precludes abandonment of service by incumbent carriers, unless the carrier can

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1 demonstrate that its actions are not contrary to the public interest. In contrast, companies
2 who are not the incumbent carrier (and who do not have carrier-of-last-resort obligations)
3 are free to enter and exit markets without heightened Commission oversight. If necessary,
4 my attorney can more fully describe in briefs the statutory obligations of incumbent local
5 exchange carriers.

6 **Q. In Direct Testimony, both Mr. Gardner (page 3, line 11) and Mr.**
7 **Richey (page 3, line 7) assert that the separation and subsequent merger of the Alltel**
8 **and Valor wireline businesses will not be detrimental to the public interest. Would**
9 **you state the minimum conditions which would be necessary for the Staff to**
10 **recommend approval of the transaction?**

11 **A.** Yes. It is the Staff's opinion that, at a minimum, the following conditions
12 would necessarily need to be met in order for the transaction to meet the public interest
13 requirements. It should be noted that some responses to Staff data requests are still
14 outstanding. Therefore, some conditions are not fully developed. Depending on the
15 forthcoming responses to Staff's data requests, the following conditions may need to be
16 expanded upon in order for the Staff to provide a positive recommendation to the
17 Commission.

18 (1) As recommended in the Rebuttal Testimony of Matt Barnes, in approving the
19 Application, the Commission's Order should make no findings or conclusions regarding
20 the value of this transaction for ratemaking purposes. Further, the Commission's Order
21 should acknowledge that the Parties reserve their rights to consider the ratemaking
22 treatment to be afforded these financing transactions, and their result in cost of capital in
23 any later proceeding.

1 (2) As recommended in the Rebuttal Testimony of Matt Barnes, the Merged
2 Wireline Business agrees to file with the Commission all final terms and conditions on
3 the financing held by Alltel Holding Corporate Services, Inc. including, but not limited to
4 the following: the aggregate principle amount to be sold or borrowed, price information,
5 estimate expense, loan or indenture agreement concerning each issuance within 30 days
6 of issuance.

7 (3) As recommended in the Rebuttal Testimony of Matt Barnes, the Merged
8 Wireline Business agrees to file any initial credit rating agency reports within 30 days of
9 issuance.

10 (4) As recommended in the Rebuttal Testimony of Matt Barnes, in the event that
11 two out of the three credit rating agencies do not assign an investment grade corporate
12 credit rating to the Merged Wireline Business at the time of separation, then within 90
13 days of the date of separation, the Merged Wireline Business shall complete all of the
14 following, which are the same recommendations Staff made in the Sprint Nextel Case
15 No. IO-2006-0086:

- 16 1) Demonstrate that, the rating notwithstanding, its primary financial metrics (such
17 as EBITDA Interest Coverage, Debt-to-EBITDA and Total Debt to Total Capital)
18 presented to major bond rating agencies at the time of separation were
19 substantially the same as those contained in the Application filed with the
20 Commission on December 22, 2005;
- 21 2) Demonstrate that its primary financial metrics (such as those described above) all
22 within investment grade ranges of at least BBB, and that the non-investment
23 grade credit ratings reflect factors other than the financial metrics of the
24 Company, and;
- 25 3) The Merged Wireline Business shall provide all written correspondence, reports
26 and analysis to the Commission Staff of the credit rating agency(ies) that has/have
27 not assigned an investment grade corporate credit rating to The Merged Wireline
28 Business that support the financial scenarios that Alltel provided to the credit
29 rating agency(ies).
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2 In the event the Merged Wireline Business is not expected to be investment grade
3 Staff recommends these conditions be added to ensure customers and the existing quality
4 of service be protected from any adverse impacts. Staff is doubtful that the Merged
5 Wireline Business, as presented in the Application, Supplemental Application, Direct
6 Testimony, and responses to Data Requests by Alltel, will be investment grade. Staff
7 will continue to work with the Company to put safeguards in place to ensure customers
8 receive safe and adequate service at just and reasonable rates. Staff will discuss the three
9 conditions above from the Sprint Nextel Case No. IO-2006-0086 with Alltel to explore a
10 resolution that will not be detrimental to the public interest.

11 (5) As recommended in the Rebuttal Testimony of Mick Johnson, if, during the
12 first four quarters after the transfer of control, Alltel's state-wide quality of service results
13 reach surveillance levels for any category, then the company will be required to submit
14 quality of service results on a monthly basis rather than a quarterly basis.

15 (6) Merged Wireline Business shall commit that it will continue to employ
16 sufficient technical and managerial resources to thoroughly and adequately meet the
17 Commission's Quality of Service objectives. Merged Wireline Business shall further
18 commit that it will continue to employ sufficient employees to thoroughly and adequately
19 respond to all Commission requests pertaining to service related issues. This condition is
20 consistent with the testimony of Mr. Richey, who states that customers of the Merged
21 Wireline Business will continue to receive the same quality service from the same
22 dedicated local operations (Direct Testimony, page 8, line 16), and that key service
23 components will persist after the transaction (Direct Testimony, page 10, line 17).

1 (7) Upon or before closing of the transfer of control of the Merged Wireline
2 Business, Alltel shall file with the Commission all necessary d/b/a notifications to
3 effectuate the transaction. Tariffs shall be revised or updated with adoption notices to
4 reflect the transaction. This condition is consistent with the testimony of Mr. Richey who
5 states that the affected entities will amend applicable tariffs to reflect their new names
6 (Direct Testimony, page 12, line 23).

7 (8) Upon the closing of the transfer of control, Merged Wireline Business shall
8 continue to operate as a price cap company pursuant to Section 392.245 RSMo. (Supp.
9 2005), and as recognized by the Commission in Case No. IO-2006-0112. Pursuant to its
10 price cap status, Alltel shall be permitted to rebalance exchange rates in accordance with
11 Section 392.245(8) RSMo. (Supp. 2005). This condition is consistent with the testimony
12 of Mr. Richey who states that the new entity will continue to be governed by the same
13 rules, with no change in the existing price regulation plan (Direct Testimony, page 12,
14 line 20).

15 (9) On the day after separation from Alltel, Merged Wireline Business will
16 continue to offer the same full range of products and services to existing customers that
17 are offered the day prior to separation, at the same terms and conditions, subject to the
18 ability of the Merged Wireline Business to modify or discontinue its offerings through
19 the appropriate tariff filing process. This condition is consistent with the testimony of Mr.
20 Richey who states that after the separation and merger, customers will receive the same
21 full range of products and services as are offered prior to the separation (Direct
22 Testimony, page 12, line 10).

(10) New and existing long distance customers of the Merged Wireline Business shall be provided service pursuant to Alltel Holding Corporate Services, Inc. P.S.C. Mo. No. 1 Tariff. This condition is consistent with Ordered paragraph four of the Commission's Report and Order in Case No. XA-2006-0271, which holds that prior to delivering services, Alltel Holding Corporate Services, Inc. shall file, in a separate case, tariff sheets reflecting the rates and terms of the services is proposes to offer.¹

(11) Merged Wireline Business affirms that the transaction will have no impact on customers' ability to reach interexchange carriers on a dial-around basis. Customers not subscribed to an interexchange carrier (commonly referred to as no-PIC) will be unaffected by Separation. This condition is consistent with Mr. Richey's testimony whereby he states that the terms and prices for exchange access services will remain unchanged as a result of the transfer (Direct Testimony, page 13, line 1), and that the transaction will appear merely as a name change to customers (Direct Testimony, page 5, line 20; and, page 8, line 17).

(12) The transfer of residential and business customers from Alltel Communications, Inc. to Alltel Holding Corporate Services, Inc. will be completed in accordance with FCC and Missouri rules, including 4 CSR 240-33.150(4) [Changes in Subscriber Carrier Selections as a Result of Merger or Consolidation of the Sale, Assignment, Lease or Transfer of Assets], and 4 CSR-33.150(6)(E) [Procedures for Lifting Preferred Carrier Freezes]. Transfer of these customers will not take place until all required customer notices have been provided, and the notices will include an

¹ RE: *In the Matter of the Application of Alltel Holding Corporate Services, Inc., for a Certificate of Service Authority to Provide Intrastate Interexchange and Non-switched Local Telecommunications Services within the State of Missouri and for Competitive Classification*. Case No. XA-2006-0271; Report and Order; February 24, 2006.

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1 opportunity for customers to choose another long distance carrier if they do not desire
2 service from Alltel Holding Corporate Services, Inc. This condition is consistent with Mr.
3 Richey's testimony whereby he states that customers will receive notice of transfers in
4 accordance with the FCC's anti-slamming rules (Direct Testimony, page 6, line 2).

5 (13) Merged Wireline Business shall file copies of customer notice(s) of the
6 transfer to the case file of this case at least four weeks in advance of sending such
7 notice(s) to customers. Such notice(s) shall inform affected customers of the transfer of
8 both local exchange and long distance service. Interested parties shall have ten days to
9 object to the form of the notice. This condition is consistent with customer notice
10 requirements of 4 CSR 240-3.525 (2)(G). Filing the notice in advance will permit the
11 Commission and interested parties an opportunity to provide input on the notice.

12 (14) Upon Separation, residential and business long distance customers of Alltel
13 Communications Inc. will become customers of Alltel Holding Corporate Services, Inc.
14 Customers will not be assessed any charges for the transfer. This condition is consistent
15 with the statements of Mr. Richey, who testifies that Alltel Holdings Corporate Services,
16 Inc. will provide resold long distance service (Direct Testimony, page 12, line 18; and,
17 page 5, line 5) and that the transfer will appear merely as a name change to customers
18 (Direct Testimony, page 5, line 20; and, page 8, line 17).

19 (15) All Exchange Access services offered by Alltel Missouri will continue to be
20 offered by the Merged Wireline Business. This condition is consistent with Mr. Richey's
21 testimony whereby he states that the transaction will have no impact on wholesale
22 services provided under applicable access tariffs (Direct Testimony, page 13, line 1).

1 (16) Merged Wireline Business shall commit to continue to invest in new
2 technologies designed to bring the benefits of broadband capabilities to all its customers
3 throughout its service areas. Merged Wireline Business shall make a part of the record in
4 this proceeding a general description of projects contemplated to carry out its investment
5 in new technologies in Missouri. This condition is consistent with the statements of Mr.
6 Gardner, who testifies that the New Holding Company will generate sufficient cash flows
7 to fund technology investments through capital expenditures (Direct Testimony, page 8,
8 line 6).

9 (17) Merged Wireline Business shall affirm that the transaction will have no
10 impact on the terms of any existing interconnection agreements or obligation of the
11 Merged Wireline Business under state and federal laws regarding interconnection. The
12 requirements of Section 252 shall be applicable to the Merged Wireline Business, and
13 any open issues pertaining to a request to Alltel Missouri for interconnection service shall
14 continue uninterrupted pursuant to Section 252(b)(1). This condition is consistent with
15 Mr. Richey's statements that the transaction will have no impact on existing
16 interconnection agreements (Direct Testimony, page 13, line 3).

17 **Q. Mr. Voight, if the above conditions were observed, would the Staff be**
18 **willing to make a favorable recommendation on the Application?**

19 **A. Yes, if the above seventeen conditions are met, it is likely that the Staff**
20 **would make a favorable recommendation to the Commission. However, as I have**
21 **previously stated, these conditions represent minimum public interest requirements, and it**
22 **is possible that the list might need to be expanded upon, depending on the Company's**
23 **still outstanding responses to Staff data requests. In particular, the Staff still awaits**

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1 responses to our data requests pertaining to the distribution of “shared assets” as
2 discussed beginning on page 19, line 4 of Mr. Gardner’s Direct Testimony, and beginning
3 at page 9, line 4 of Mr. Richey’s Direct Testimony.

4 **Q. Does this conclude your Rebuttal Testimony?**

5 A. Yes, it does. However, I reserve the right to supplement my testimony
6 subject to responses to data requests not yet received from the Company.

William L. Voight

SUMMARY OF WORK EXPERIENCE

1974 – 1985 **United Telephone Company**, I began my telephone career on February 4, 1974, as a central office equipment installer with the North Electric Company of Gallion, Ohio. At that time, North Electric was the manufacturing company of the United Telephone System. My duties primarily included installation of all forms of central office equipment including power systems, trunking facilities, operator consoles, billing systems, Automatic Number Identification systems, various switching apparatuses such as line groups and group selectors, and stored program computer processors.

In 1976, I transferred from United's manufacturing company to one of United's local telephone company operations – the United Telephone Company of Indiana, Inc. I continued my career with United of Indiana until 1979, when I transferred to another United Telephone local operations company – the United Telephone Company of Missouri. From the period of 1976 until 1985, I was a central office technician with United and my primary duties included maintenance and repair of all forms of digital and electronic central office equipment, and programming of stored program computer processors. United Telephone Company is today known as Embarq.

1985-1988 In 1985, I began employment with **Tel-Central Communications, Inc.**, which at that time was a Missouri-based interexchange telecommunications carrier with principal offices in Jefferson City, Missouri. As Tel-Central's Technical Services Supervisor, my primary duties included overall responsibility of network operations, service quality, and supervision of technical staff. Tel-Central was eventually merged with and into what is today MCI.

In conjunction with Tel-Central, I co-founded **Capital City Telecom**, a small business, "non-regulated" interconnection company located in Jefferson City. As a partner and co-founder of Capital City Telecom, I planned and directed its early start-up operations, and was responsible for obtaining financing, product development, marketing, and service quality. Although Capital City Telecom continues in operations, I have since divested my interest in the company.

1988-1994 In 1988, I began employment with **Octel Communications Corporation**, a Silicon Valley-based manufacturer of Voice Information Processing Systems. My primary responsibilities included hardware and software systems integration with a large variety of Private Branch eXchange (PBX), and central office switching systems. Clients included a large variety of national and international Local Telephone Companies, Cellular Companies and Fortune 500 Companies. Octel Communications Corporation was later merged with Lucent Technologies.

1994-Present **Missouri Public Service Commission**

William L. Voight

TESTIMONY EXPERIENCE

- Case No. TR-96-28 In the Matter of Southwestern Bell's tariff sheets designed to increase Local and Toll Operator Service Rates.
- Case No. TT-96-268 In the Matter of Southwestern Bell Telephone Company's tariffs to revise PSC Mo. No. 26, Long Distance Message Telecommunications Services Tariff to introduce Designated Number Optional Calling Plan.
- Case No. TA-97-313 In the Matter of the Application of the City of Springfield, Missouri, through the Board of Public Utilities, for a Certificate of Service Authority to Provide Nonswitched Local Exchange and Intrastate Interexchange Telecommunications Services to the Public within the State of Missouri and for Competitive Classification.
- Case No. TA-97-342 In the Matter of the Application of Max-Tel Communications, Inc. for a Certificate of Service Authority to Provide Basic Local Telecommunications Service in Portions of the State of Missouri and to Classify Said Services and the Company as Competitive.
- Case No. TA-96-345 In the Matter of the Application of TCG St. Louis for a Certificate of Public Convenience and Necessity to provide Basic Local Telecommunication Services in those portions of St. Louis LATA No. 520 served by Southwestern Bell Telephone Company.
- Case No. TO-97-397 In the Matter of the Petition of Southwestern Bell Telephone Company for a Determination that it is Subject to Price Cap Regulation Under Section 392.245 RSMo. (1996).
- Case No. TC-98-337 Staff of the Missouri Public Service Commission, Complainant, vs. Long Distance Services, Inc., Respondent.
- Case No. TO-99-227 Application of Southwestern Bell Telephone Company to Provide Notice of Intent to File an Application for Authorization to Provide In-Region InterLATA Services Originating in Missouri Pursuant to Section 271 of the Telecommunications Act of 1996.
- Case No. TA-99-298 In the Matter of the Application of ALLTEL Communications, Inc. for a Certificate of Service Authority to Provide Basic Local Telecommunications Service in Portions of the State of Missouri and to Classify Said Services and the Company as Competitive.

Case No. TO-99-596	In the Matter of the Access Rates to be Charged by Competitive Local Exchange Telecommunications Companies in the State of Missouri.
Case No. TO-99-483	In the Matter of an Investigation for the Purpose of Clarifying and Determining Certain Aspects Surrounding the Provisioning of Metropolitan Calling Area Service After the Passage and Implementation of the Telecommunications Act of 1996.
Case No. TO-01-391	In the Matter of a further investigation of the Metropolitan Calling Area Service after the passage and implementation of the Telecommunications Act of 1996.
Case No. TO-01-416	In the Matter of Petition of Fidelity Communications Services III, Inc. Requesting Arbitration of Interconnection Agreement Between Applicant and Southwestern Bell Telephone Company in the State of Missouri Pursuant to Section 252 (b)(1) of the Telecommunications Act of 1996.
Case No. TO-01-467	In the Matter of the Investigation of the State of Competition in the Exchanges of Southwestern Bell Telephone Company.
Case No. TT-02-129	In the Matter of AT&T Communications of the Southwest, Inc.'s Proposed Tariff to Establish a Monthly Instate Connection Fee and Surcharge.
Case No. TC-02-1076	Staff of the Missouri Public Service Commission, Complainant, vs. BPS Telephone Company, Respondent.
Case No. TK-04-0070	In the Matter of the Application of American Fiber Systems, Inc. for Approval of an Agreement with Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, Under the Telecommunications Act of 1996.
Case No. CO-2005-0066	In the Matter of the Confirmation of Adoption of an Interconnection Agreement with CenturyTel of Missouri, LLC d/b/a CenturyTel and Spectra Communications Group, LLC d/ba CenturyTel by Socket Telecom, LLC
Case No. TO-2003-0257	In the Matter of the Request from the Customers in the Rockaway Beach Exchange for an Expanded Calling Scope to Make Toll-Free Calls to Branson
Case No. IO-2006-0086	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.