Exhibit No.:____________________
Issue: Modification of LNP Requirements
Witness: Robert C. Schoonmaker
Type of Exhibit: Direct Testimony
Sponsoring Party: Cass County Telephone Co. and Craw-Kan Telephone Cooperative, Inc.
Case No.: TO-2004-0504 and TO-2004-0505
Date: June 10, 2004

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. TO-2004-0504 AND TO-2004-0505

TESTIMONY

OF

ROBERT C. SCHOONMAKER

June 10, 2004

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Petition of Cass County Telephone Company for Suspension and Modification of the FCC's Requirement to Implement Number Portability.	)	Case No. TO-2004-0504
In the Matter of the Petition of Craw-Kan Telephone Cooperative, Inc. for Suspension and Modification of the FCC's Requirement to Implement Number Portability.	)	Case No. TO-2004-0505

AFFIDAVIT OF ROBERT C. SCHOONMAKER

Robert C. Schoonmaker, of lawful age, being duly sworn, deposes and states as follows:

1. My name is Robert C. Schoonmaker. I am employed by GVNW Consulting, Inc. as President and Chief Executive Officer.

2. Attached hereto and made a part hereof for all purposes is my direct testimony.

3. I hereby affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Robert C. Schoonmaker
Robert C. Schoonmaker

Subscribed and sworn to before me this 10th day of June, 2004.

Deene J. Haines Notary Public

My Commission expires: 5-13-2005

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DIRECT TESTIMONY

OF

ROBERT C. SCHOONMAKER

Cass County Telephone Co. and Craw-Kan Telephone Cooperative, Inc.
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DIRECT TESTIMONY OF ROBERT C. SCHOONMAKER

Introduction

Q. Please state your name and address.

A. My name is Robert C. Schoonmaker. My business address is 2270 La Montana Way, Colorado Springs, Colorado 80918.

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

A. I am President and CEO of GVNW Consulting, Inc., a consulting firm specializing in working with small telephone companies.

Q. Would you please outline your educational background and business experience?

A. I obtained my Masters of Accountancy degree from Brigham Young University in 1973 and joined GTE Corporation in June of that year. After serving in several positions in the revenue and accounting areas of GTE Service Corporation and General Telephone Company of Illinois, I was appointed Director of Revenue and Earnings of General Telephone Company of Illinois in May, 1977 and continued in that position until March, 1981. In September, 1980, I also assumed the same responsibilities for General Telephone Company of Wisconsin. In March, 1981, I was appointed Director of General Telephone Company of Michigan and in August, 1981 was elected Controller of that company and General Telephone Company of Indiana, Inc. In May, 1982, I was elected Vice President-Revenue Requirements of General Telephone Company of the Midwest. In July, 1984, I assumed the position of Regional Manager of GVNW Inc./Management (the predecessor company to GVNW Consulting, Inc.) and was later promoted to the position of Vice President. I served in that position until October 1, 2003 except for the period between December 1988 and November, 1989 when I left GVNW to serve as Vice President-Finance of Fidelity and Bourbeuse Telephone Companies. I was elected to the position of President and Chief Executive Officer effective October 1, 2003. In summary, I have had over 25 years of experience in the telecommunications industry working with incumbent local exchange carrier companies.

Q. What are your responsibilities in your present position?

A. In my current position I have overall responsibility for the management and direction of GVNW Consulting, Inc. In addition, I consult with independent telephone companies and provide financial analysis and management advice in areas of concern to these companies. Specific activities which I perform for client companies include regulatory analysis, consultation on regulatory policy, financial analysis, business planning, rate design and tariff matters, interconnection agreement analysis, and general management consulting.

Q. Have you previously testified in regulatory proceedings?

A. Yes, I have submitted testimony and/or testified on regulatory policy, local competition, rate design, accounting, compensation, tariff, rate of return, interconnection agreements, and separations related issues before the Illinois Commerce Commission, the Public Service Commission of Wisconsin, the

Michigan Public Service Commission, the Iowa Utilities Board, the Tennessee Public Service Commission, the New Mexico Public Regulation Commission, the Public Utilities Commission of the state of South Dakota, the Public Utility Commission of Texas, and the Missouri Public Service Commission. In addition, I have filed written comments on behalf of our firm on a number of issues with the Federal Communications Commission and have testified before the Federal-State Joint Board in CC Docket #96-45 on Universal Service issues.

Q. On whose behalf are you testifying in this case?

A. I am testifying on behalf of Cass County Telephone Company and Craw-Kan Telephone Cooperative, Inc. in this case. I refer to these companies as "Cass" and "Craw-Kan", or "the Companies".

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support the Companies' Petitions for suspension and modification of the Federal Communications Commission's (FCC) requirements that local exchange carriers implement local number portability (LNP) in certain areas. I will discuss some background about local number portability and the FCC's requirements regarding implementation of LNP and will address the reasons why the Commission should grant the relief requested.

Local Number Portability

Q. What is Local Number Portability?

A. The 1996 federal Telecommunications Act defines number portability as "the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another." 47 U.S.C. § 153(30).

Q. Are there different categories of Local Number Portability?

A. Yes. At the present time, there are three general categories of Local Number Portability. The first is wireline to wireline number portability which is primarily used to port numbers between an incumbent local exchange carrier (ILEC) and a competitive local exchange carrier.

The second category of number portability is wireless to wireless. This type of number portability is currently being implemented and is typically used when a customer chooses to change wireless providers and wants to retain his or her current wireless telephone number.

The third category is wireline to wireless number portability, which is also referred to as "intermodal number portability." The intent of this category of number portability is to enable a wireline customer to port his or her telephone number to a wireless provider and, at least theoretically, for a wireless customer to port his or her number to a wireline provider.

Q. How is LNP implemented?

A. LNP is implemented through a complex system involving regional data bases and the installation of hardware and software in the telephone company's central office switching equipment. The switch hardware and software enables the switch to launch queries through the SS7 signaling system into a database to find call routing information. The data base contains information on each ported number and the switch to which it has been ported. When a calling party makes a call to a number in an NPA-NXX that has numbers ported, the switch that would normally be the last switch to handle the call before the normal terminating switch (the N-1 switch) launches a query into this database. If the call is to a number that has been ported to another carrier and switch, the N-1 switch is advised of the ported switch location and the associated call is then transported or routed to that other carrier's switch for termination to the called party.

<u>FCC Requirements and Proposed Relief</u>

Q. In general, what are the current FCC requirements for the implementation of intermodal LNP?

A. The Federal Act requires that LNP be implemented according to requirements adopted by the FCC. 47 U.S.C. § 251(b). Over time, the FCC has issued a number of decisions and rules on LNP. On November 10, 2003, the FCC issued a

Memorandum Opinion and Order and Further Notice of Proposed Rulemaking in its longstanding number portability case in CC Docket No. 95-116 ("November 10, 2003 Order") that addressed certain unresolved issues regarding wireline to wireless portability (i.e., intermodal number portability). Prior to 2003, the FCC's decisions had focused on wireline to wireline portability.

In its November 10, 2003 Order the FCC confirmed that local exchange carriers ("LECs") providing wireline service within the 100 largest Major Service Areas ("MSAs") in the country were required by November 24, 2003, to provide intermodal LNP. The FCC also announced that LECs serving outside the top 100 MSAs must implement intermodal LNP within six months after they receive a bona fide request ("BFR") from a requesting carrier. Subsequently, on January 16, 2004 the FCC released an Order in CC Docket No. 95-116 delaying implementation of intermodal LNP for all local exchange carriers with less than 2% of the nation's subscriber lines who had not received a Bona Fide Request (BFR) from a wireless carrier prior to May 24, 2003. Thus, for the Companies, the deadline for making all the investments, equipment installations, and administrative changes necessary to become LNP capable is six months after receipt of a BFR (but, pursuant to the FCC's January 16, 2004 Order, no earlier than May 24, 2004). It is this FCC directive to implement LNP that the Companies are asking the Commission to modify in this case.

Q. Did the time deadlines prescribed by the FCC for implementation of intermodal LNP raise concerns for the Companies?

A. Yes. The time deadlines did provide the Companies considerable concern, particularly because the FCC failed to address one of the key issues that impacts the implementation of LNP for the Companies.

Q. Why are the Companies seeking modification of the FCC's LNP requirements?

A. The Companies are asking the Commission to modify the FCC's LNP requirements, pursuant to specific suspension and modification provisions of the Act, because there is a key issue yet to be resolved that would adversely impact customers, that would be economically burdensome for the Companies, and because such modification is fully consistent with the public interest.

Q. Does the Commission have authority to suspend the FCC's requirements?

A. Yes. State regulatory commissions are expressly authorized to grant rural carriers suspensions from the FCC's LNP rules under Section 251(f) of the Federal Act. Section 251(f) states in material part:

Section 251(f) Exemptions, suspensions, and modifications . . .

> **2)** Suspensions and modifications for rural carriers
>
> A local exchange carrier with fewer than 2 percent of the Nation's subscriber lines installed in the aggregate nationwide may petition a State commission for a suspension or modification of the application of a requirement or requirements of subsection (b) or (c) of this section to telephone exchange service facilities specified in such petition. The State commission shall grant such petition to the extent that, and for such duration as, the State commission determines that such suspension or modification –
>
> **(A)** is necessary –
>
> **(i)** to avoid a significant adverse economic impact on users of telecommunications services generally;
>
> **(ii)** to avoid imposing a requirement that is unduly economically burdensome; or
>
> **(iii)** to avoid imposing a requirement that is technically infeasible; and
>
> **(B)** is consistent with the public interest, convenience, and necessity.
>
> The State commission shall act upon any petition filed under this paragraph within 180 days after receiving such petition. Pending such action, the State commission may suspend enforcement of the requirement or requirements to which the petition applies with respect to the petitioning carrier or carriers.

Q. Are the Companies eligible to seek suspension of the LNP rules?

A. Yes. The number of subscriber lines served by the Companies is far fewer than two percent of the nation's total number of subscriber lines. Therefore, the Companies are eligible to petition this Commission for modification of LNP requirements and to seek immediate suspension of the LNP requirements pending consideration of the Petition. The Commission has suspended the requirements through August 7, 2004 and can act on the Petitions to modify the requirements pursuant to the provisions of section 251(f)(2).

Q. You stated that one of the reasons the Companies are seeking a modification of the FCC's LNP requirements was because there is a key issue that remains unresolved. Please explain.

A. It is apparent from the FCC's November 10, 2003 Order that an important issue relating to LNP with serious implications for the Companies has not yet been fully addressed. In this Order the FCC effectively determined that its rules prohibiting "location portability" between wireline carriers do not apply for wireline to wireless LNP. While the FCC characterizes its Order as a "clarification," the November 10, 2003 Order requires wireline carriers to port out numbers in circumstances not previously required. This is an abrupt departure from the FCC's prior approach to number portability. However, the FCC specifically declined to address the question of what party is responsible to transport traffic from the LEC switch to the wireless carrier switch in a distant location.

<u>Location Portability</u>

Q. What is location portability?

A. Location portability is the porting of numbers beyond a wireline carrier's rate center. For example, if a customer resides in Peculiar, Missouri and wishes to port his or her telephone number to a competitive local exchange carrier also located in Peculiar, the number would be ported. If the same customer wanted to port his or her telephone number to a competitive local exchange carrier located in Kansas City, Missouri, the customer would be porting the number to a different rate center which would constitute location portability.

Q. Is location portability required for wireline to wireline LNP?

A. No. Under the FCC's current rules, a wireline carrier's obligation to port numbers to another wireline carrier is limited to an area within the wireline carrier's rate center. A "rate center" is a specific geographical location within an exchange area from which mileage measurements are determined for the application of rates between exchange areas. Thus, wireline carriers are not required to port numbers to other wireline carriers beyond the area within which they provide local exchange calling.

Q. Why is it important to limit number portability to numbers that are within the same rate center?

A. This limitation is important to avoid customer confusion and to avoid having calls rated differently. If a customer in a particular rate center is allowed to port his or her number to a different rate center, fellow customers in the second rate center calling that customer would probably be charged for a toll call, even though they were calling a customer residing in their community. At the same time, customers from the first rate center calling the customer with the ported number in the second rate center would likely be able to call that customer without toll charges while they would be charged toll rates for calling other customers in the second rate center who had non-ported numbers.

Q. How did the November 10, 2003 Order impact this limitation?

A. In its November 10, 2003 Order, the FCC stated that its rules prohibiting location portability for wireline to wireline number portability were not applicable to intermodal porting. (Nov. 10, 2003 Order, ¶¶ 24-26.) The FCC determined that LECs must port numbers to a requesting wireless carrier where the wireless carrier's "coverage area" overlaps the geographic location of the rate center to which the number is assigned, even though the wireless carrier's point of presence is in another rate center and the wireless carrier has no direct interconnection with the wireline carrier. (¶ 22.) The FCC determined that intermodal porting does not, in and of itself, constitute location portability because calls to the ported number are rated the same and wireless carriers porting wireline numbers are required to maintain the customer's same rate center designation following the port. (¶ 28.)

Q. Does the FCC's view that the calls will be rated the same resolve the concerns of the Companies?

A. No. While this approach attempts to avoid the problem of a customer incurring a toll charge to call a neighbor's wireless phone, it does not deal with recovery of the transport and transit costs that will be required to enable calls to be delivered to a wireless carrier's switch when that switch is located in a different rate center. This concern is the primary concern that the Companies are addressing in their Petitions for modification.

Q. Can you provide an example for Cass that would illustrate the issue that is of concern to the Companies?

A. Yes. Peculiar, Missouri, which is the Cass exchange for the Company's headquarters, lies about 30 miles south and slightly east of downtown Kansas City. Assume that a Cass customer with an 816-758-xxxx telephone number ports that number to Western Wireless. According to the national local exchange routing guide (LERG) Western Wireless' interconnection point in Missouri within the Kansas City LATA is located in Butler, Missouri, though its MSO appears from the LERG to be located in Salina, Kansas. A second Cass customer places a call from their number 816-758-yyyy, to the ported number, 816-758-xxxx by dialing the seven digits 758-xxxx. At the Cass switch it is recognized that a query must be made to the LNP data base to determine the correct routing for the call. That query indicates that the number has been ported to Western Wireless whose interconnection point is apparently in Butler. Consequently, rather than completing the call within Cass's Peculiar exchange, the Cass switch must now transfer the call across transport facilities, primarily owned by SBC, to the SBC tandem switch at McGee Street in downtown Kansas City. This switch would review the call information and recognize that the call must be switched to the Sprint tandem at Warrensburg over facilities partially owned by SBC and partially by Sprint. At the Sprint tandem switch it would be switched across trunk facilities owned by Sprint, and on to the Western Wireless's Butler, MO interconnection point. Western Wireless is then, we presume, responsible to transport the call to its MSO in Salina, Kansas. The issue of concern to the Companies is what company is responsible to arrange and pay for the facilities to transport the call from Peculiar to the Western Wireless interconnection point, and possibly on to its MSO.

Q. Would this routing be similar from Craw-Kan's Hume exchange?

A. The routing would be similar once it arrived at the SBC McGee tandem switch in Kansas City. From Hume, Craw-Kan actually routes to call to its host/tandem switch in Pleasanton, Kansas and from there the call would be routed to the McGee tandem switch in Kansas City, Missouri.

Q. Wasn't this issue one that the FCC had before it to address in its November 10 Order?

A. Yes. The question was clearly put before the FCC prior to the issuance of that Order, but the FCC failed to address it. Specifically, the FCC put off the decision until some future time with the following statement:

> Moreover, as CTIA notes, the rating and routing issues raised by the rural wireline carriers have been raised in the context of non-ported numbers and are before the Commission in other proceedings. Therefore, without prejudging the outcome of any

> other proceeding, we decline to address these issues at this time as they relate to intermodal LNP.[1]

Thus, although the FCC had been put on notice that a critical issue needed to be addressed as it relates to the implementation of wireline to wireless LNP for rural companies, and in spite of the fact that the issue had been before the FCC in the "other proceeding"[2] for nearly eighteen months at the time its Order was issued, the FCC failed to provide any guidance on this issue.

Q. Has the FCC issued an order in this "other proceeding"?

A. At the time this testimony was submitted, no order had been issued in any other proceeding that would resolve this issue.

Q. What are the implications for the Companies of this unresolved transport issue?

A. First, the Companies are concerned that the provision of local service to a distant location beyond their local serving area and the area designated in their local tariffs is beyond the scope of their operating authority granted by this Commission. Second, the Companies are concerned about the economic harm to the Company and its customers that might occur as a result of having to make business arrangements to accomplish such routing and to port numbers and route

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[1] *Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 95-116, released November 10, 2003, ¶40.

[2] *See, e.g.* In the Matter of Sprint Petition for Declaratory Ruling, Obligation of Incumbent LECs to Load Numbering Resources Lawfully Acquired and to Honor Routing and Rating Points Designated by Interconnecting Carriers, Sprint Petition for Declaratory Ruling, CC Docket No. 01-92 (filed July 18, 2002).

calls to locations outside its calling area, especially in light of the fact that the FCC has not resolved the question of who should be responsible for such ports outside of Petitioners' exchange boundaries.

Q. Turning first to the legal issue, can you briefly explain the Companies' concerns?

A. Yes. The Companies have obtained from the Commission Certificates of Public Convenience and Necessity which authorize them to provide telecommunications services to their customers within their respective certificated areas. Their respective certificated areas are defined by their local exchange boundaries as contained in maps which are part of their tariffs on file with and approved by the Commission. Such certificates do not extend to providing service to locations outside their service territories. Thus, there is a legal issue as to whether the Companies have authority to provide local exchange services to numbers ported outside their certificated territories.

Q. Do the Companies have any business arrangements for the use of the network owned by SBC and Sprint to transport the ported calls to Western Wireless or other wireless carriers should they be required to do so?

A. No. With one possible exception, the Companies have made no such arrangements since they have encountered no previous circumstances where they needed to arrange for the use of other LEC facilities to transport local calls that originate in their exchanges. Access tariffs provide business arrangements for the use of the Companies' facilities by interexchange carriers to originate and terminate calls, but the Companies themselves have no arrangements to use SBC's or Sprint's facilities.

Q. If such business arrangements haven't been made, are you saying that the calls couldn't be completed without those business arrangements?

A. No, the network is in place and calls could technically be completed without those business arrangements. However, the Companies do not believe it is appropriate to simply appropriate other LEC's facilities for their own use without making proper business arrangements.

Q. What do you foresee as the possible process for establishing such business relationships?

A. Potentially the process could involve negotiations of interconnection agreements between the Companies and SBC and some type of indirect interconnection arrangement with Sprint. Such negotiations might be under the provisions of Section 251(b) of the Act, although there are legal questions regarding whether companies such as SBC and Sprint are required by the Act to provide "transiting" facilities under the provisions of Sections 251(b) or 251(c) of the Act. Consequently, there may be conflicts between the Companies and other LECs as to how such agreements should be negotiated and whether they are subject to the arbitration provisions in Section 252 of the Act. At this point in time I am uncertain how SBC or Sprint would react to such a proposal. If, in fact, such negotiations were conducted under provisions of Sections 251 and 252 of the Act, I would not expect the negotiations to be easy. In discussions with SBC in other forums regarding business issues that would likely be the part of such negotiations, I find that SBC and the small telephone companies in the state frequently have significantly differing viewpoints of the appropriate resolution of such issues. That is frequently true in regard to Sprint as well.

Q. Have the Companies approached SBC or Sprint about such negotiations?

A. At the time this testimony was submitted they had not.

Q. Do you have any estimate of the financial impact on the Companies to conduct and complete such negotiations?

A. Based on experience negotiating contracts with large LECs for CLECs and in negotiating terminating traffic and interconnection agreements with wireless carriers, I would estimate that such negotiations would likely cost somewhere between $20,000 and $100,000 or more depending on whether the issues were settled without having to engage in a formal arbitration proceedings with one or both parties.

Q. Would such costs constitute a "substantial economic burden" to the Companies?

A. Yes, particularly when it is questionable whether there would be any method for the Companies to recover such costs and when it is unknown whether they will ultimately be found to have the responsibility to arrange for such facilities.

Q. Is there any other reason why entering such negotiations at this point in time could be particularly economically burdensome to the Companies?

A. Yes. Court challenges are currently pending to examine various aspects of the FCC's orders imposing wireline-to-wireless LNP on small carriers. *See e.g.* United States Court of Appeals, D.C. Circuit, *US Telecom. Ass'n et al. v. FCC*, Case No. 03-1414, and *Nat'l Telecom. Coop. Ass'n et al. v. FCC*, Case No. 03-1443. If the Commission does not grant modification, and the telephone company appellants prevail partially or wholly in the pending federal court proceedings, then there is a chance that Petitioner and/or its customers would incur the costs of negotiations associated with wireline-to-wireless LNP even if Petitioner ultimately was not required to deploy wireline-to-wireless LNP or it was not required to arrange for the transport facilities outside its operating area.

Q. Are there any other potential non-recurring costs that would impose an economic burden on the Companies?

A. Yes. There may be additional costs incurred to revise and/or modify the Companies' existing certificates of service authority and tariffs.

Q. Are there potentially recurring costs associated with transporting calls beyond the local serving areas of the Companies?

A. I would expect that there would be. As I have previously indicated, it is uncertain whether the Companies or the wireless carriers requesting ported numbers would ultimately be responsible for these costs. If the Companies ultimately became responsible for these costs, the level of cost that the Companies would have to bear would depend on the volume of calls and possibly minutes to ported numbers, the location of the wireless companies' MSOs, and the rates charged by other LECs for these services. The level of these rates might be similar to transiting costs in interconnection contracts or to local transport and tandem switching elements of access rates. Some large LECs have argued that such rates should be "market based" rates since the provision of transit services is not required by the Act. It is unclear what "market based" rates would be for a transiting service where there is no alternative provider.

Demand for Intermodal Porting

Q. In considering whether it is in the public interest to grant the Companies' petitions to modify the apparent FCC requirements to transport ported calls should the Commission consider the demand for porting and the number of customers that will potentially receive a benefit as a result of their decision?

A. I believe these factors should be fully considered.

Q. What has been the level of demand for porting of wireline numbers to wireless carriers since the implementation of intermodal porting on November 24, 2003?

A. There have not been regular and comprehensive reports of such activity, but there is some information available. In a March 2, 2004 ex parte filing made by Bell South to the FCC, Bell South reported that through February 18, 2004 (after nearly three months of implementation) it had ported 1,458 wireline numbers to wireless carriers. (Bell South serves approximately 22,300,000 access lines,[3] thus, in three months they ported numbers to wireless carriers for 0.0065% of their customers.) More recently the FCC has reported statistics on porting. On May 21, 2004 TR Daily reported that according to the FCC since November 24, a total of 229,000 wireline to wireless ports had been completed. Based on a nationwide access line count of approximately 188,000,000,[4] that equates to 0.12% of wireline numbers that had been ported in the first five months of implementation. If these nationwide take rates held constant for a full year and were applicable to the Companies, Cass might experience 24 requests and Craw-Kan might experience 8 requests for porting during the first year.

Q. How does this actual data compare to expectations before wireless number portability was implemented?

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[3] 2002 FCC Statistics of Common Carriers, Table 2-6.

[4] Trends in Telephone Service, May, 2004, Industry Analysis and Technology Division, Wireline Competition Bureau, Table 7-1.

A. It is significantly less. For example, On October 23, 2003 The Management Network Group, Inc. (TMNG) released the results of an analysis and survey which estimated that the wireless industry should expect 30 million numbers ported in the first year and a potential for 19 million wireline to wireless porting requests[5]. The May 21, 2004 TR Daily report cited FCC reports of 3.34 million wireless to wireless ports over five plus months and 229,000 wireline to wireless ports. Based on the TMNG projections nearly 15 million wireless to wireless ports and over 9 million wireline to wireless ports should have been executed by the time of the report.

Q. Would you expect that the Companies would experience more or less demand for porting than would be experienced on average nationally?

A. I would expect that demand for porting in the Companies' operating areas would be substantially less than the national average for a number of reasons. First, there are fewer wireless service choices in small rural communities because many of the national carriers only offer service in the larger cities and along major interstate highways. Second, the quality of mobile telephone service is likely to be less reliable than in urban areas because of the difficult and remote terrain in rural Missouri and because mobile cell sites are less concentrated in rural areas. For example, dense forests, rugged terrain, and hills impede wireless signals. Finally, small rural communities are more likely to have loyalty to the existing

[5] "Wireless Number Portability to Trigger 60 Million Transactions in First 12 Months Says TMNG", October 23, 2003 News Release, The Management Network Group, Inc., http://ir.thomsonfn.com/InvestorRelations/PubNewsStory.

wireline provider and more likely to use wireless service to supplement rather than replace their existing wireline service.

Q. What has been the Companies' experience since porting was implemented on November 24, 2003?

A. As the Commission is well aware, there has been considerable national publicity regarding porting in the news media. In spite of this attention, Cass reports that it has had one inquiry about porting and no requests to port, while Craw-Kan reports no inquiries or requests. Both companies have specifically instructed service representatives to make note of such contacts.

Q. Does this level of potential demand indicate a public interest need for the Companies to provide porting beyond their exchange boundaries in face of the potential unnecessary costs they might face if they are not granted the modification requested?

A. No, it does not. The possibility that a few customers may choose to port their numbers is outweighed by the uncertainty surrounding these routing and rating issues until such time as a certain determination is made as to the party responsible for contracting for and providing transport of calls to a ported carrier's switch. Until the issue is finally resolved, the Company should not be required to undertake the expense of the necessary negotiations to establish the business relationships to carry such traffic or the ongoing costs of transporting such traffic. This is especially true since such costs may ultimately have to be borne by the customers who do not want to have their numbers ported.

Modification Requested

Q. Earlier you indicated that there was one possible exception to the question of whether the Companies had established business relationships to carry ported traffic to a wireless carrier switch in the metropolitan Kansas City area. Could you elaborate on that possible exception?

A. Yes. All of Cass's exchanges are within the confines of the Metropolitan Calling Area (MCA) plan and MCA subscribers in Cass's exchanges can make calls to wireless carrier NPA-NXXs that are located in the mandatory Kansas City zone. The Commission Orders regarding intercarrier compensation for the exchange of MCA traffic established a bill and keep mechanism where there is no compensation for providing the transit and termination of such calls. To Cass's knowledge, the Commission has not ruled on the question of whether calls to a number which is ported from an MCA NPA-NXX to a wireless carrier who has an NPA-NXX located within the mandatory Kansas City zone would also fall under this bill and keep mechanism. If the Commission were to determine that calls to both MCA and non-MCA subscriber numbers ported to a wireless carrier located within the mandatory Kansas City zone were to be provided under the bill and keep intercompany compensation scheme applicable to MCA traffic, then Cass would have, by Commission order and current practice, the necessary business relationship established to transport ported calls to such wireless carriers and would not need the modification of LNP rules which it has requested in its Petition regarding those wireless carriers. The modification would still be appropriate as it relates to wireless carriers whose NPA-NXXs are located outside the MCA mandatory zone.

Q. Will the requested modification apply to situations involving a second port of a number initially assigned to one of the Companies from the initial wireless carrier who ported the number to a second wireless carrier?

A. Yes. The requested modification would also apply to a situation where a wireless carrier that has established facilities and/or arrangements with third party carriers to transport calls to a point outside of the Companies' local serving areas is requested to port a number to another wireless carrier who has not established such facilities or arrangements.

Q. Can you summarize the Companies' request for modification of the LNP rules?

A. Yes. They are requesting that the Commission modify the LNP porting requirements to require wireless companies requesting to port one of the Companies' numbers to arrange for and pay for the transport facilities necessary to transport such ported calls from the Companies' operating area to the ported switch location. This modification would also apply to the second port situation described above. Such modification should remain in place for a period of six months after a final FCC determination of the party responsible for such transport service to give the Companies sufficient time to negotiate any business relationships that may ultimately be their responsibility or to seek further suspension and/or modification, if appropriate.

Q. Does this conclude your direct testimony?

A. Yes.