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PUBLIC SERVICE COMMISSION

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TRANSCRIPT OF PROCEEDINGS

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Arbitration Hearing

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Jefferson City, Missouri

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Volume 4

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Petition of Socket Telecom, LLC )  
for Compulsory Arbitration of )  
Interconnection Agreements with )  
CenturyTel of Missouri, LLC and ) Case No. TO-2006-0299  
Spectra Communications, LLC )  
Pursuant to Section 252(b)(1) of )  
the Telecommunications Act of 1996 )

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KENNARD L. JONES, Presiding,  
REGULATORY LAW JUDGE.

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NATELLE DIETRICH,  
LARRY HENDERSON,  
MIKE SCHEPERLE,  
ADAM McKINNIE,  
ADVISORY STAFF.

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REPORTED BY:

24

KELLEN K. FEDDERSEN, CSR, RPR, CCR  
MIDWEST LITIGATION SERVICES

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1

APPEARANCES:

2

BILL MAGNESS, Attorney at Law  
98 San Jacinto Blvd., Suite 1400  
Austin, TX 78701  
(512) 480-9900

4

FOR: Socket Telecom, LLC.

5

LARRY W. DORITY, Attorney at Law  
Fischer & DORITY  
101 Madison, Suite 400  
Jefferson City, MO 65101  
(573) 636-6758

8

DAVID F. BROWN, Attorney at Law  
FLOYD R. HARTLEY, Attorney at Law  
GAVIN E. HILL, Attorney at Law  
Hughes & Luce, L.L.P.  
111 Congress Avenue, Suite 900  
Austin, TX 78701  
(512) 482-6867

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FOR: CenturyTel of Missouri, LLC.  
Spectra Communications Group, LLC.

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1 P R O C E E D I N G S

2 JUDGE JONES: We can go ahead and go on the  
3 record. We're on the record with Case No. TO-2006-0299,  
4 the arbitration between Socket Telecom, LLC and CenturyTel  
5 of Missouri, LLC and Spectra Communications, LLC. I am  
6 Kennard Jones. This is the second day of hearings. And  
7 yesterday we adjourned just before questions from the  
8 panel to Socket's witnesses, Steve Turner and R. Matthew  
9 Kohly, and we'll begin there with Natelle Dietrich.

10 STEVEN TURNER AND R. MATTHEW KOHLY testified as follows:

11 QUESTIONS BY MS. DIETRICH:

12 Q. Mr. Turner, I'd like to ask you a few  
13 questions. First of all, what is the appropriate cost  
14 standard for this proceeding? In other words, is it cost,  
15 TELRIC, market-based rates?

16 (Answers by Mr. Turner.)

17 A. It would be TELRIC.

18 Q. Okay. Could you turn to your rebuttal  
19 testimony, please?

20 A. Which page, approximately?

21 Q. Page 23, starting at line 12, you make the  
22 statement, moreover, even for the DS1 and DS3 loop rate  
23 proposals, Socket Telecom relied on the use of  
24 CenturyTel's special access tariffs for the development of  
25 these rates. None of the recurring rates that are

1 included in Socket Telecom's proposal are based on MPSC  
2 Docket No. TO-2005-0336, which I believe is the SBC M2A  
3 arbitration.

4                   Could you explain that statement? Do you  
5 not see where --

6           A.       Oh, yes, I do. Okay. Well, there's a  
7 couple of different statements there I need to explain.  
8 First of all, the recurring rates that we're proposing are  
9 not based on the MPSC Docket TO-2005-0336. In other  
10 words, the recurring rates that we're proposing are not  
11 based on the SBC rates.

12                   And so Dr. Avera's testimony to which I'm  
13 responding to here was that there's these considerable  
14 differences between the scope and density of SBC territory  
15 in Missouri, compared to CenturyTel territory here in  
16 Missouri. And that that would, therefore, contribute to  
17 differences in rates. And for recurring rates I would  
18 agree with him, but what I was indicating here is that we  
19 didn't use SBC rates for recurring purposes in the  
20 proposal that was made by Socket Telecom.

21                   The other statement, the sentence that  
22 says, moreover, even for the DS1 and DS3 loop rate  
23 proposal, Socket Telecom relied, past tense, on the use of  
24 CenturyTel's special access tariffs. Later in the  
25 testimony I explain that we are now modifying that

1 position for the DS1s and that we did a restatement of  
2 CenturyTel's cost study. But my point there again, in  
3 response to Dr. Avera was, once again even for the DS1 and  
4 DS3 rate proposals, we did not rely on anything from SBC  
5 for recurring rates.

6 Q. When you say you relied on the use of  
7 special access tariffs, what do you mean by you relied on  
8 them?

9 A. Well, for the DS3 rate -- DS1 we're no  
10 longer using that, but for the DS3 rate, what we did is we  
11 used CenturyTel's DS3 special access rate, assuming a long  
12 term and high volume, believing that they would not sell  
13 the element for less than its cost. And so that was what  
14 we used to be a proxy for TELRIC, given that there was no  
15 way in the time frames allotted and with the information  
16 provided by CenturyTel in its filing for us to do a  
17 restatement of the DS3 cost study.

18 Q. Okay. In other places in your rebuttal you  
19 talk about the transparency of the cost studies. Has your  
20 transparency concern been addressed? Have you been able  
21 to look at the studies in the areas where you identified  
22 transparency concerns?

23 A. No. The transparency concerns have not  
24 been addressed, and it's not -- the transparency that I'm  
25 talking about and that the FCC is talking about when it

1 identified the three principles of a TELRIC cost study or  
2 of a cost model, it's not just that you can look at it.  
3 It's that when you see an -- and the term hard coated was  
4 kind of misrepresented, too, in terms of how I use it.  
5 But when you see a value on a cost study for a drop and  
6 it's just got a number written in there and the number's  
7 just typed in, you can certainly see the number and you  
8 can certainly change the number.

9                   The transparency would be what are the  
10 assumptions that underlie the development of that number.  
11 For instance, just to use the drop again, would be  
12 assumptions that would be explicitly identified about the  
13 length of drop that was put in, the size of drop in terms  
14 of number of pairs that were installed, the installation  
15 cost associated with putting that drop in, and given the  
16 way that CenturyTel did its study, in that it embedded the  
17 cost of the NID in that, it would be information about the  
18 cost of NID that was put in, the installation cost for  
19 that NID. And then an incredibly important assumption is  
20 the average number of lines per drop in the NID.

21                   None of those types of assumptions which I  
22 characteristically observe in non -- in loop cost studies  
23 that I've reviewed in many different places, none of those  
24 types of assumptions were revealed in the cost filing that  
25 was made by CenturyTel, and that's the reason why I would

1 say that it still lacks transparency and lacks the ability  
2 for this Commission or the parties to be able to fairly  
3 evaluate whether or not it's cost based or not. And  
4 that's just an example. That sort of thing happens  
5 rampantly throughout their study.

6 Q. On the fill factors, you have quite a bit  
7 of testimony, and some of it's HC, so I don't want to get  
8 into any of that, but just generally speaking, what kind  
9 of adjustments need to be made to CenturyTel's fill  
10 factors in order to make them TELRIC compliant?

11 A. Well, one of the -- there's several that I  
12 discuss.

13 Q. Perhaps you can just point me in the  
14 testimony. That may be --

15 A. I believe it starts approximately page 33.  
16 If I just could high level summarize them, the first is  
17 to -- is the issue of whether you should use actual fills  
18 or a reasonable projection of the actual total usage,  
19 which is identified at the top of page 35. The FCC  
20 indicates that you should use a reasonable projection of  
21 actual total usage, and I discuss how that can be done  
22 using efficient forward-looking approaches to coming up  
23 with what those fills would be.

24 A second issue that I indicate is that it  
25 is customary because of the different ways that you

1 engineer distribution from feeder that you would have a  
2 different fill factor for distribution than for feeder.  
3 Again, those pages that I just mentioned, around 33,  
4 35 talk about the engineering side. Then I specifically  
5 cite to the portion of CenturyTel's cost study where they  
6 use a single fill factor for copper, regardless of whether  
7 it's feeder or distribution.

8                   Related to that, I give a reference to  
9 where when CenturyTel's model has copper distribution  
10 behind a digital loop carrier system, they have a much  
11 higher fill factor for that distribution than they do  
12 generally in the study, and it would seem to me that the  
13 model would be improved and more TELRIC compliant if you  
14 would have it be internally consistent in terms of the  
15 application of fill to the distribution, regardless of  
16 whether it's behind an FDI or a digital loop carrier  
17 system. A feeder distribution interface is what I meant  
18 by FDI.

19                   At a high level, that summarizes what my  
20 testimony addresses as to some of the concerns. Oh, the  
21 fourth one is just that, again, the same issue of  
22 transparency, CenturyTel typed in a number for fill, but  
23 generally because of the importance of that input, it's  
24 customary to provide the information that's used to  
25 actually calculate the fills that are incorporated into



1 the study, so that you can see what the basis of them is  
2 and what kind of assumptions the incumbent used to develop  
3 the fill factors that are utilized in the study.

4 Q. Okay. And then on page 46, at the top of  
5 the page, you have a table where you're proposing some  
6 changes to the rates. Can you just briefly explain how  
7 you developed the rates -- or the changes that you made to  
8 the rates in Column 1 and 2?

9 A. Yes. I was thinking it might be easiest if  
10 I drew you a picture, but I'll try and do it verbally  
11 first.

12 Q. Okay.

13 A. CenturyTel filed two cost studies,  
14 effectively. I'm talking at a very macro level. They  
15 filed the two-wire and four-wire cost study, and they're  
16 not sponsoring rates for two-wire loops and four-wire  
17 loops from that cost study, but they nonetheless had to or  
18 felt that they had to calculate cost for a two-wire and  
19 four-wire loop.

20 They then separately filed a cost study for  
21 DS1 and DS3 loops, and the DS1 and DS3 loop cost study has  
22 inside of it a calculation of a two-wire and four-wire  
23 loop as well. So from a principle standpoint, there's  
24 nothing wrong with that, in the sense that you would  
25 typically reflect some of your copper costs that you would

0290

1 use in your two-wire or four-wire loop study in the cost  
2 of your DS1 loop because a portion of your DS1 loop can be  
3 copper.

4                   So at a very high level, the two-wire and  
5 four-wire loop study calculate costs for fiber and for  
6 copper to provide a two-wire, four-wire connection from a  
7 customer premise back to the central office. The DS1 cost  
8 study also calculates the cost for copper, fiber, and  
9 additional electronics associated to make a loop work as a  
10 DS1.

11                   So what CenturyTel did is they -- in their  
12 DS1 loop cost study, they disabled the calculation of the  
13 fiber cost, and I have information in here where you can  
14 look and see exactly how they did that, and I cite to the  
15 cell where they did that. They disabled the fiber  
16 calculation cost for the fiber itself, not some of the  
17 fiber electronics, and then they backed out the copper  
18 calculations that were done within the DS1 cost study, and  
19 they took the four-wire loop copper and fiber cost  
20 calculations that they did with this external cost study  
21 that they're not supporting rates from but for which they  
22 wanted to bring the copper and fiber cost into the DS1  
23 study.

24                   The reason I did go through what they do is  
25 because the way that I made the adjustment was, given that

0291

1 81 percent of the cost of a DS1 loop ends up being derived  
2 from the four-wire analog loop cost study, and given that  
3 Veriz-- that they didn't rely on that cost study, they  
4 instead relied on the Verizon four-wire loop cost study, I  
5 simply took the cost that underlies the four-wire analog  
6 loop cost study for which they are sponsoring or agreeing  
7 to, the Verizon cost, and incorporated that into the DS1  
8 loop cost study exactly the same way that they did. And  
9 that's what modified the rates for Spectra and CenturyTel  
10 that you see here.

11 Q. Okay. Thank you.

12 A. You're welcome.

13 JUDGE JONES: And, Mr. McKinnie, do you  
14 have questions?

15 MR. McKINNIE: Yes.

16 QUESTIONS BY MR. McKINNIE:

17 Q. Good morning. I have a couple of resale  
18 questions there, so I think they're going to be directed  
19 to Mr. Kohly.

20 As I understand it, there's only one issue  
21 left in the Article 6 resale DPL. It's issue 34

22 (Answers by Mr. Kohly.)

23 A. I didn't bring the detail up here with me.

24 JUDGE JONES: I'll just tell you that's  
25 correct. There were two issues, 7 and 34, and yesterday

1 we understand that 7 is resolved, so that leaves 34.

2 BY MR. McKINNIE:

3 Q. In the meantime, could you turn to page 86  
4 of your rebuttal?

5 A. Certainly.

6 Q. There you did some wholesale cost analysis  
7 for a proposed discount rate on lines 14 and 15?

8 A. Yes.

9 Q. And you ended up with different numbers for  
10 CenturyTel and for Spectra?

11 A. Yes, I did.

12 Q. Okay. And then flipping over to page 87,  
13 in lines 4 and 5, you're not advocating these new rates,  
14 correct?

15 A. No. I am still advocating that the  
16 arbitrator stick with the 25.4 percent discount applied  
17 across all properties, because there is a rate set and  
18 that's generally what we've done is, where there is an  
19 existing rate -- where there is an existing rate, stick  
20 with it.

21 If the arbitrator feels it's necessary to  
22 recalculate the rates, I put this forward as an alternate  
23 proposal. It was done consistent with the same  
24 methodology previously used. I believe it's appropriate  
25 because I find nothing that would make me change what

0293

1     avoidable costs we'd previously done.

2             Q.       And I have a separate kind of resale  
3     question that I'm not -- it may not fall under the DPL.  
4     But is there any situation which you guys would or Socket  
5     would purchase a resold integrated T1?

6             A.       To do that, CenturyTel would have to have  
7     an integrated T1 product. That's not something I have  
8     looked at. If there was such a product and it was a  
9     retail product, discount would apply to that.

10            Q.       If such a product applied, would that  
11    resold T1, if CenturyTel's language on the POI issue for  
12    the 24 DS0 is accepted, would that resold integrated T1,  
13    presuming it did exist, would that kick in the requirement  
14    for facilities in your opinion?

15                    (Answers by Mr. Turner.)

16            A.       It would not. In resold services, you're  
17    not -- you're not interconnecting for the exchange of  
18    traffic. It would be carried on CenturyTel's network, and  
19    so the -- there's not an intersection between the  
20    interconnection issues and resell issues, if there was, in  
21    fact, a product such as an integrated T1 product that  
22    could be resold.

23                    MR. MCKINNIE: Okay. Thank you very much.

24                    JUDGE JONES: Mr. Henderson, do you have  
25    any questions?

1 MR. HENDERSON: I do not.

2 JUDGE JONES: With that then, we'll move on  
3 to recross of these witnesses.

4 MR. HARTLEY: Good morning, your Honor.

5 JUDGE JONES: Good morning.

6 RECROSS-EXAMINATION BY MR. HARTLEY:

7 Q. Mr. Turner, in response to Ms. Dietrich's  
8 questioning, you acknowledged that the appropriate cost  
9 methodology in this proceeding should be TELRIC; is that  
10 right?

11 (Answers by Mr. Turner.)

12 A. That's correct.

13 Q. And with respect to the recurring rates  
14 that Socket is proposing in this proceeding, you did not  
15 conduct a TELRIC study?

16 A. Could you ask your question again?

17 Q. With respect to the recurring rates Socket  
18 is proposing in this proceeding, you did not conduct a  
19 TELRIC study, did you?

20 A. Well, I've got to pars that into three  
21 pieces. There are a group of recurring rates for which  
22 TELRIC studies were performed and reviewed by the  
23 Commission, and the parties are in agreement to use those  
24 rates. So for those, I didn't perform a study. But a  
25 study was performed that this Commission has found to be

1 TELRIC compliant.

2 Q. Let me be a little more specific. For the  
3 DS1 and DS3 recurring UNE loop rates that are the only  
4 recurring rates that are in dispute in this proceeding,  
5 did you conduct a TELRIC study?

6 A. The DS1 loop I did perform a study, but I  
7 would not consider it to be TELRIC-compliant, but it is as  
8 close as I could get in the time frame allotted. And for  
9 DS3, as I've explained yesterday and again today, there  
10 was not sufficient time for me to perform a restatement,  
11 and I did not independently of that perform a DS3 loop  
12 study on my own.

13 Q. You've talked a number of times about this  
14 timing issue. When did you first see the cost model  
15 itself that CenturyTel was using in this proceeding?

16 A. I believe I saw it, it was either very late  
17 Wednesday night before my testimony was due the following  
18 Tuesday or it was early Thursday morning before the  
19 testimony was due the following Tuesday.

20 Q. So you didn't see the cost model until  
21 March 15th or sometime thereafter?

22 A. That would be approximately correct.

23 Q. Mr. Kohly, we talked about some discovery  
24 yesterday, we talked at length about some discovery that  
25 CenturyTel served on Socket. Do you recall that?

1 (Answers by Mr. Kohly.)

2 A. Yes.

3 Q. Socket also served discovery on CenturyTel  
4 in this proceeding; is that right?

5 A. Yes, it did.

6 Q. And CenturyTel provided answers to that  
7 discovery on March 1st, didn't it?

8 A. With the exception of cost studies, which  
9 it began providing on March 15th, yes.

10 Q. Now, that's not entirely accurate, is it?  
11 Didn't CenturyTel actually provide the cost model itself  
12 without the data inputted?

13 A. You provided a template that had absolutely  
14 no data in it, and that could not be analyzed in any  
15 fashion to determine if it's TELRIC compliant.

16 Q. Mr. Turner, if you had a cost model with  
17 empty cells, could you plug numbers in to see how they  
18 flow through?

19 (Answers by Mr. Turner.)

20 A. You could, but it would be a largely  
21 meaningless exercise.

22 Q. So you could have taken that cost model,  
23 you could have developed what Socket decides is  
24 appropriate fill factor, cost of capital, what have you,  
25 and developed a DS1 or a DS3 recurring rate based on those



1 models?

2 A. Well, the -- no, I could not have. The  
3 structure of the model itself that CenturyTel used in and  
4 of itself is not TELRIC compliant, and I could go into  
5 why, but I mean --

6 Q. I think you're answering a different  
7 question. Perhaps I wasn't precise enough. You could  
8 have plugged in, you could have filled in those cells and  
9 developed a proposed DS1 and DS3 recurring rate. Aside  
10 from your methodological concerns that you discussed in  
11 your rebuttal testimony, you could have proposed  
12 alternative rates?

13 A. I could not have done so between March 1st  
14 and --

15 Q. March 21st?

16 A. -- March 21st. No, I could not have done  
17 that.

18 Q. In response to some of Ms. Dietrich's  
19 questions, you talked about the two-wire and four-wire  
20 loop that you're proposing in this proceeding and in your  
21 rebuttal testimony, how you developed these new rates. Do  
22 you recall that?

23 A. Yes, but it was not a new two-wire and  
24 four-wire rate. It was a new DS1 rate.

25 Q. Based upon the agreed two-wire and

1 four-wire rates?

2 A. Yes.

3 Q. Did you perform any TELRIC analysis as to  
4 the propriety of two-wire and four-wire rates with respect  
5 to CenturyTel?

6 A. I didn't perform a cost study analysis  
7 because those are the rates that applied to CenturyTel  
8 previously. They apply to the wire centers when Verizon  
9 had those wire centers, and they were found to be TELRIC  
10 compliant for those TELRIC when Verizon had them, so I  
11 didn't see a need to perform that analysis.

12 Q. If I understand correctly, then, you're  
13 saying because the parties agreed to those rates, you used  
14 them to develop new DS1 and DS3 rates?

15 A. No, that is not the case.

16 Q. Did you perform any study that would  
17 demonstrate the TELRIC compliance of the two-wire and  
18 four-wire agreed-to rates for CenturyTel in 2006?

19 A. No, I did not. I was relying on the prior  
20 work done by this Commission.

21 Q. Does any of your testimony, any of your  
22 rebuttal testimony suggest or demonstrate the TELRIC  
23 compliance of the underlying two-wire and four-wire loop  
24 rates that the parties agreed to?

25 A. Again, I took the evaluation of this

1 Commission as those being TELRIC-compliant rates and then  
2 worked from that point.

3 Q. When were those rates originally approved  
4 in an arbitrated agreement by the Commission?

5 A. I don't know off the top of my head.

6 Q. '97 time frame sound right?

7 A. No, it does not.

8 Q. 2001?

9 A. I don't know.

10 MR. HARTLEY: I have no further questions,  
11 your Honor.

12 JUDGE JONES: Thank you. We'll move on to  
13 redirect.

14 REDIRECT EXAMINATION BY MR. MAGNESS:

15 Q. Good morning, Mr. Turner. I'd like to  
16 start with you. Counsel for CenturyTel referred to  
17 CenturyTel's responses to Socket Data Requests that were  
18 served on March 1st. I don't know if you or Mr. Kohly are  
19 the ones to answer it, having reviewed them. Did either  
20 of you review those responses?

21 (Answers by Mr. Kohly.)

22 A. I did.

23 Q. Did you?

24 (Answers by Mr. Turner.)

25 A. I did not.

0300

1           Q.       Let me ask this question of Mr. Kohly,  
2 then. If you could turn your attention to -- well, let me  
3 turn your attention to Data Request 5. Let's go back to  
4 Data Request 4, I suppose. Data Request 4, for each rate  
5 identified in Data Request 1, please identify any study or  
6 studies that relate, mention or pertain to each rate  
7 identified, identify the study by name and the date the  
8 study was completed.

9                   Is it correct that CenturyTel's response on  
10 March 1st, 2006 was, CenturyTel does not have cost studies  
11 or other supporting documents at this time?

12                   (Answers by Mr. Kohly.)

13           A.       It is correct.

14           Q.       CenturyTel said, if during the course of  
15 this proceeding CenturyTel develops cost studies that are  
16 responsive to this request, such cost studies will be  
17 produced in a rolling fashion beginning March 15, 2006?

18           A.       That is correct.

19           Q.       And in fact, it wasn't until March 16, 2006  
20 that Socket actually saw any cost studies or supporting  
21 documents, wasn't it?

22           A.       That is correct.

23           Q.       And, Mr. Turner, as to this cost model, you  
24 noted that having an unpopulated model -- well, working  
25 from an unpopulated model, one, would produce meaningless

0301

1 requests and, two, you also said that you didn't feel like  
2 that model was even TELRIC compliant. Could you explain  
3 what you mean by the template -- or rows of empty cells  
4 being non-TELRIC compliant?

5 (Answers by Mr. Turner.)

6 A. Well, just the fundamental structure is  
7 they're breaking their loops into these five areas that we  
8 discussed briefly yesterday, and the five areas are hard  
9 coated within the model to be treated with predefined  
10 engineering approaches, and it does not take the demand at  
11 the customer location back to the wire center and identify  
12 an efficient least-cost network that would serve that  
13 demand.

14 Q. Is that a TELRIC requirement?

15 A. It is a TELRIC requirement, and I discuss  
16 that in my rebuttal testimony. And it's a requirement  
17 that was identified in the Virginia UNE arbitration. And  
18 so just as a starting point, having hard coated, you know,  
19 entry of how many loops go into five areas with a  
20 predefined engineering approach to how you handle each one  
21 of those isn't going to lead you to -- to TELRIC-compliant  
22 rates even if you fill the numbers.

23 Q. And if you could address the first point  
24 you made that filling it in, where you would get numbers  
25 to fill it in? You said it would be meaningless. Just

0302

1 explain --

2           A.       Well, yeah, just to see how -- plug in a  
3 number and see how it flows through, I mean, that's --  
4 that's just a function of how does Excel work, the  
5 spreadsheet model or the spreadsheet itself. What makes a  
6 cost model meaningful is when you see inputs to the model  
7 and you see how those inputs are derived and what the  
8 underlying basis for them is, as I explained earlier about  
9 a drop, knowing that if a number \$500 appears someplace  
10 and gets incorporated into a total investment per line is  
11 not particularly helpful in terms of understanding the  
12 cost model.

13                   What's helpful and important is what was  
14 behind the investment of \$500 that appeared in the model.  
15 And so as I explained with a drop and I could explain the  
16 same thing with digital loop carrier equipment or with  
17 just about any input in that model, that's what's really  
18 important is what goes behind the value that ends up  
19 flowing into the investments for a loop.

20                   And so in other words, just seeing that I  
21 can type a number in and see how it goes through is -- is  
22 effectively a useless exercise.

23           Q.       Why can't you just go -- you know, based on  
24 your experience just go get some numbers somewhere?

25           A.       Well, the numbers that, you know, I would

0303

1 generally have would be proprietary in the states in which  
2 they exist, so you can't just go and grab those.

3 And secondly, there are public data sources  
4 available, such as the input set used by the FCC when it  
5 was doing universal service work, but they said that those  
6 really weren't appropriate for a TELRIC proceeding. Or I  
7 could use an input data set, for instance, used with the  
8 HAI model that's been used to set TELRIC rates in many  
9 different states, but the input set for that model  
10 wouldn't correspond to the type of inputs that you needed  
11 for CenturyTel's model.

12 I mean, just taking one input set, you  
13 can't just automatically translate it over. So it would  
14 not have made sense to do that approach either.

15 Q. And prior to the delivery of these cost  
16 studies the evening of March 15th, did you have any access  
17 to CenturyTel's cost data?

18 A. No, I did not.

19 Q. Mr. Kohly, during the negotiation process,  
20 did you have any access to CenturyTel's cost data?

21 (Answers by Mr. Kohly.)

22 A. No.

23 Q. Did you request cost studies from  
24 CenturyTel during the negotiation process?

25 A. I requested cost studies at the start of

1 negotiations, again probably in the November time frame,  
2 did not think there would be cost studies, and it wasn't  
3 until we had the initial arbitrator's meeting where I  
4 suddenly realized there might be cost models at issue in  
5 this case, which is the reason we sent the discovery.

6 Q. Mr. Turner, Ms. Dietrich had several  
7 questions about transparency and then about two-wire/  
8 four-wire loop study. Do you recall those questions?

9 (Answers by Mr. Turner.)

10 A. Yes, I do.

11 Q. I want to show you a document which -- and  
12 I want to note for the record, this is -- the document's  
13 proprietary, so we made copies of it. We'll stay away  
14 from mentioning specific numbers and proprietary  
15 information, but I would like to distribute it to the  
16 witness and counsel.

17 Mr. Turner, did you prepare this document?

18 A. Yes, I did.

19 Q. Could you tell us what it is?

20 A. This is a -- this is a screen shot from the  
21 CenturyTel cost model for two-wire and four-wire loops.

22 Q. You're looking at the first page that's  
23 labeled page 2 of 12?

24 A. Page 2 of 12, and in this particular case,  
25 as I recall from my memory, this is the tab labeled



1 Area 4, and there were some rows that were hidden within  
2 the model and I unhid them to then -- to illustrate. And  
3 I referenced the cells in my testimony, but I -- in case  
4 there was a question about it, I unhid those rows so that  
5 you could see what kind of information or lack thereof was  
6 contained in them.

7 Q. And when you said -- I mean, there's  
8 several rows on the document.

9 A. It would be -- there's a box at the top  
10 that has the word -- and I don't think this would be  
11 proprietary -- fiber 2 DLC in it. That box that then has  
12 a couple of numbers and a percentage in it, that large box  
13 was what was hidden in the model filed by CenturyTel. And  
14 again, I'm not trying to make a big -- it's easy enough to  
15 unhide things. I've had model where they were hidden in  
16 such a way that you couldn't unhide them without great  
17 difficulty. But in this particular case, they were hidden  
18 and I unhid them to look at what kind of information was  
19 there.

20 Q. Does this present a transparency issue in  
21 your mind?

22 A. Well, the transparency issue is not so much  
23 that the rows were hidden, but once I unhid them, the  
24 number that you see there -- the first dollar number you  
25 see there is --

1           Q.       In the large white box?

2           A.       In the large box is the drop investment,  
3   and you'll see the drop investment gets used in the box  
4   below related to Branson. And what you anticipate is that  
5   that drop investment would have had a lot of those  
6   input-type assumptions that I was discussing before, and  
7   any model I've ever reviewed would give you the types of  
8   information I was describing for leading up to that dollar  
9   figure that you see there.

10                    So the lack of transparency is not that it  
11   was hidden as much as it was that when you unhid it, I was  
12   hoping that I would have some calculations that led up to  
13   that investment, when, in fact, you don't. All you have  
14   is the dollar figures tucked in.

15                    The same goes for the number down below it.  
16   The second number in the large box, that is the DLC and  
17   remote units investments, and my concern there is it  
18   appeared that -- that there might have been some  
19   calculations in the model at one time that led to that  
20   figure that appeared to have been just blanked out. But  
21   in any event, what is currently in the model is just a  
22   number that's typed in, with no indication as to how it  
23   was derived.

24                    And from my experience in looking at many  
25   loop cost studies, that's a very important investment

1 figure and one that normally there is a fair amount of  
2 backup calculations involved with that I would anticipate  
3 were done somewhere but were not made available for review  
4 in the cost study filing made by CenturyTel.

5 Q. You discuss some concerns about the DS1  
6 loop cost study, and you reference -- you explained to  
7 Ms. Dietrich there was a two-wire loop study and a  
8 four-wire loop study. If you turn to page 3, and I think  
9 there's some subsequent pages as well, does this -- this  
10 appears to depict the Missouri loop cost model. Which one  
11 is this?

12 A. This one is that two-wire and four-wire  
13 loop cost study for which they calculated costs that they  
14 used in the DS1 cost study, but did not rely on it to set  
15 two-wire/four-wire loop rates in this case.

16 Q. For example, the two-wire monthly loop  
17 cost, which is the first column on the left, and the top  
18 box on page 3 of 12.

19 A. Yes.

20 Q. That total, is that your understanding what  
21 CenturyTel's representation would be what it should cost  
22 to buy a two-wire loop?

23 A. Yes.

24 Q. Is that like an analog loop?

25 A. That's a two-wire analog loop that would go

0308

1 to like a residential home in Branson, Missouri. That's  
2 what -- that's what CenturyTel's saying the cost would be  
3 to them.

4 Q. That's the TELRIC cost?

5 A. That's what they're claiming is the TELRIC  
6 cost.

7 Q. Uh-huh. And then the next -- the four-wire  
8 monthly loop cost, that number -- and again, that one is  
9 for a single four-wire loop, I take it?

10 A. Yes.

11 Q. And that's the one that's then used in the  
12 DS1 cost study?

13 A. That is correct. They took that value  
14 that's in bold on the total line for a four-wire monthly  
15 loop cost and inserted that into the DS1 loop cost study.

16 Q. And I want to follow up on that, but on  
17 the -- I was just thinking about this two-wire loop again.  
18 There's an agreed UNE price, recurring price for two-wire  
19 analog loops in this case, right?

20 A. That's correct.

21 Q. Do you know what that is?

22 A. For this particular exchange, it would be  
23 \$19.14 for a two-wire analog loop.

24 Q. Does it seem unusual to you that the  
25 company might agree to a \$19 rate for something that costs

1     what they claim it costs in this study?

2             A.       Yes.  Something's amiss here, and I would  
3     anticipate that, given the Commission's review of the  
4     costs, that the thing that's amiss here is this study.

5             Q.       You talked about the four-wire monthly loop  
6     cost, that bottom line that's bolded being embedded into  
7     the DS1 study.  And I ask you to turn to page 6.  I think  
8     are these pages reproduced here from that DS1 study?

9             A.       Yes.  Page 6 is for Branson also.

10            Q.       And is there a way to depict what you were  
11   explaining here, like what number would come out and how  
12   the other study number would be inputted?

13            A.       I can -- I can identify for you which  
14   number was removed and -- but the only way to depict what  
15   was happening is you actually have to click inside a cell  
16   to see the formula, and I put the formula that occurred in  
17   my testimony.  I can find it for you, but generally I can  
18   describe what was happening very easily from this diagram  
19   here.

20            Q.       Okay.

21            A.       And if you look at near the very bottom of  
22   the page, there's a line there that says total loop  
23   monthly cost, and over in the far right-hand column  
24   there's a figure there that's confidential that's bolded.  
25   And that's the cost that the CenturyTel model for DS1's

0310

1   calculated for -- as I described earlier, for the three  
2   pieces, for fiber which they had disabled, for copper  
3   which they had not disabled, and for electronics, which  
4   they had not disabled.

5                   And then what they did is they subtracted  
6   out the figure that you see at the very bottom right-hand  
7   corner of the study, which is DS1 loop costs less than or  
8   equal to three miles.  It's the dollar figure that you see  
9   in the very bottom right-hand corner.  So they took the  
10  total loop monthly cost, subtracted out that figure that's  
11  called DS1 loop costs less than or equal to three miles,  
12  and what that really is -- if you go back and check all  
13  the logic, is that's really only the copper-only cost that  
14  they had calculated within the DS1 loop cost study.

15                  And then if you go back to sheet 3 of 12,  
16  they then inserted that figure we looked at earlier for  
17  the four-wire monthly loop cost, the total value, which is  
18  dramatically larger than what they subtracted out, but --  
19  it would be easier if we could say the numbers at this  
20  time, but in any event hopefully it will be clear -- the  
21  bold under the four-wire monthly loop cost column, that  
22  total value got inserted back in, and then that is what  
23  CenturyTel calculated as their DS1 loop cost.

24           Q.       And in your --

25           A.       For Branson.

0311

1           Q.       In your view, why do you consider this a  
2    problem?

3           A.       Well, the reason it's a problem is that  
4    this Commission has already determined what a four-wire  
5    loop should cost in Branson, and what is more, not only  
6    has this Commission determined that by reviewing cost  
7    studies in a contested proceeding, but CenturyTel's agreed  
8    to use those four-wire loop costs.

9                   And so it seems to me that one would want  
10   the DS1 loop, which is a four-wire, or it can be, it  
11   doesn't have to be, but the way that CenturyTel models,  
12   they've modeled it as a four-wire loop. You'd want that  
13   to be internally consistent with the cost calculations for  
14   the four-wire analog loop study.

15                   So my problem is if in Branson the  
16   Commission has found that a four-wire analog loop has a  
17   cost of \$29.60, it doesn't seem to me that it would be  
18   appropriate to use that figure that's found on page 3 to  
19   calculate the cost of a DS1 loop. It just -- it makes  
20   them completely nonrepresentative of one another.

21                   So all I did was, given that this  
22   Commission's already found what a four-wire loop cost  
23   study costs and CenturyTel is in agreement to use that on  
24   a forward-going basis and has been using it for four-wire  
25   costs, we should incorporate that cost into the

1 development of the DS1 loop rate.

2 Q. You described on the DS3 loop rate the -- I  
3 think you answered counsel's question, the difficulty of  
4 restating that DS3 loop rate. Could you describe what --  
5 why that's more difficult than what you did for the DS1?

6 A. Well, the DS study doesn't have -- there's  
7 no other studies that have been done by the Commission  
8 upon which it relies. It's -- so it's a from-scratch  
9 study, if you will. And so the difficulty with it is that  
10 the -- all of the inputs associated with factors which are  
11 discussed in my testimony, fill factors which are  
12 discussed in my testimony, all of the material cost  
13 inputs, the engineering approaches, the percentage of  
14 different engineering approaches used to provide a DS3,  
15 the average mileage of a DS3 circuit, all these different  
16 types of things are at issue.

17 And given the amount of time between when  
18 we received it and when direct and rebuttal was filed, it  
19 simply wasn't possible to perform a restatement of that,  
20 because generally you need several months to be able to do  
21 discovery and analysis and a restatement and then file  
22 testimony. We didn't have but four -- I guess four work  
23 days before the first filing, and two and a half weeks  
24 perhaps before the second filing.

25 Q. I want to talk to you for a minute about



0313

1 nonrecurring charges. There was discussion yesterday, I  
2 believe, about some of the nonrecurring charges. And what  
3 is your understanding sort of the state of affairs as far  
4 as what's been proposed for the nonrecurring charges?

5 A. I think what you have right now are three  
6 proposals, and -- you have Socket Telecom's proposal,  
7 which is based on the use of the arbitrated SBC  
8 nonrecurring charges.

9 You have CenturyTel's, what I would  
10 characterize as their primary recommendation, which is  
11 based on -- for nonrecurrings, it is based on nonrecurring  
12 charges that Verizon proposed in states such as Ohio,  
13 Wisconsin and Kentucky that has never been arbitrated.  
14 They're not arbitrated rates. You've never gone through a  
15 cost review of any sort. They're just -- I might  
16 characterize it as a Christmas wish list of nonrecurring  
17 charges. And some of the nonrecurrings are even in the  
18 primary recommendation from Verizon, and are also based on  
19 the SBC.

20 Q. Did you say from Verizon or from  
21 CenturyTel?

22 A. From CenturyTel. Some of the CenturyTel  
23 proposed nonrecurring charges in their primary  
24 recommendation are also from the SBC arbitrated  
25 nonrecurring charges, where there's been agreement between

0314

1 CenturyTel and Socket.

2                   And then there is a third proposal or --  
3 and I would characterize it as best as I understand it as  
4 CenturyTel's fallback proposal, and that is where they  
5 have this OSS additive that they add to the SBC  
6 nonrecurring charges to come up with their sets of  
7 nonrecurring charges, in the event that the Commission  
8 orders them to implement an OSS.

9                   So briefly, you've got Socket Telecom,  
10 which is SBC based, CenturyTel, which is Verizon  
11 nonarbitrated based with a few SBC rates, if they don't  
12 have to do OSS. And the third is an SBC based, plus an  
13 OSS additive, if they are forced to do an OSS. So  
14 effectively those are the three situations you have right  
15 now.

16           Q.       And you were discussing yesterday why you  
17 feel confident in recommending the SBC nonrecurring  
18 charges based on the various task and labor costs. Could  
19 you explain that?

20           A.       Yes. I mean, briefly, the -- in my  
21 experience looking at nonrecurring studies and having  
22 managed many of these processes, the tasks that are  
23 performed by technicians are very similar between  
24 different parts of the country and between different  
25 companies. That's A.

1                   B, the labor rates that you would  
2   anticipate for the personnel performing this work,  
3   particularly within the same state, because I'm using  
4   Missouri versus Missouri, but you would anticipate those  
5   being very similar as well.

6                   And then third, the amount of time that it  
7   takes to perform a task. And I use the example of cross  
8   connect, but I could have used the example of doing jumper  
9   work in an FDI or doing the provisioning of a two-wire  
10  analog loop or doing provision of a DS1 loop, any of the  
11  tasks are associated with that, those -- the amount of  
12  time to do those are very consistent across the country.

13                  And then lastly is just the probability  
14  that you have to perform that task for any given loop.  
15  When you look at those things, you would anti-- there  
16  would be some variation, but you would expect the  
17  variation to be a few dollars, not the differences that  
18  you have between Socket's proposal and the nonarbitrated  
19  Verizon rates that are the base of CenturyTel's proposal.

20                  MR. MAGNESS: That's all I have, your  
21  Honor. I would like to offer as exhibits the CenturyTel  
22  responses to Socket Telecom's first set of Data Requests,  
23  and the items from the cost studies that Mr. Turner  
24  discussed.

25                  MR. HARTLEY: With respect to the discovery

0316

1 responses, if they're going to be offered, I'd ask that  
2 the entirety of the response be provided. In addition to  
3 the narratives there were documents produced at the time.  
4 So the entire thing would be important. I don't think the  
5 full picture is indicated by just having the narratives.

6 JUDGE JONES: Okay. A couple of things.  
7 One is, make sure you use your mic because I can't even  
8 barely hear you. And do you have a copy of what was  
9 handed out?

10 MR. HARTLEY: I do have a copy of what was  
11 handed out.

12 JUDGE JONES: And are you saying this was  
13 not the complete response?

14 MR. HARTLEY: That is not complete. There  
15 were documents attached to that as well, about 140 pages  
16 or so printed out. As long as that is accompanying  
17 Mr. Magness's offer, we're fine with it.

18 MR. MAGNESS: Your Honor, I'd just object  
19 in the sense of we provided a complete pleading. The  
20 information that was referenced in testimony is from the  
21 pleading. I think we're just burdening the record by  
22 making 140 copies of documents that were produced. We  
23 just really don't think it's necessary. It doesn't add to  
24 optional completeness because the document -- the pleading  
25 itself is complete.

1 JUDGE JONES: You said 140 pages. Do you  
2 think we're going to look at all those pages?

3 MR. HARTLEY: Well, the problem is in the  
4 record it gives a misleading picture that all CenturyTel  
5 said was, we don't have a cost study and we'll do it  
6 later. What it doesn't show is that we actually produced  
7 things, data at the time. In addition to the model for  
8 the recurring rates, we also had ACF development stuff in  
9 there.

10 So I think to get a complete picture under  
11 optional completeness, the entirety of that would need to  
12 be offered at the same time. To suggest that the pleading  
13 is complete isn't completely accurate because the pleading  
14 was accompanied by material provided.

15 JUDGE JONES: Just a moment. It's come to  
16 my attention there are 800 pages of cost studies already  
17 in the record.

18 MR. HARTLEY: The cost study that was  
19 submitted to Socket on March 15th, and then subsequently  
20 produced with Mr. Buchan's testimony is correct. Part of  
21 that is not the same here. What we've produced was the  
22 cost model itself, as well as some ACF development and  
23 avoided cost discount material.

24 JUDGE JONES: So you'll be prejudiced how?  
25 Let me make sure I understand how you'll be prejudiced.

1                   MR. HARTLEY: For example, in response to  
2 Mr. Magness's questions, Mr. Kohly I believe responded  
3 that we didn't get anything until March 15th, that we  
4 didn't -- we couldn't see how things were developed.  
5 That's not entirely accurate. We provided, in addition to  
6 the model on recurring rates itself, avoided cost  
7 discounts, ACF development, that would have given -- it's  
8 been repeatedly suggested that they had no time to do  
9 these things, they didn't have enough time.

10                   This goes to the point that, as of  
11 March 1st, they had some underlying data. They had things  
12 to work with, without that being in the record.

13                   JUDGE JONES: And your reason for wanting  
14 to submit those things is to prove that point?

15                   MR. HARTLEY: Precisely.

16                   JUDGE JONES: Point proven. The  
17 objection's overruled. Now, let's see. This is going to  
18 be Socket No. 6 and 7.

19                   (EXHIBIT NOS. 6 AND 7HC WERE MARKED FOR  
20 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
21 EVIDENCE.)

22                   MR. MAGNESS: All the pages on Socket 7 are  
23 proprietary.

24                   JUDGE JONES: Okay. You-all may step down.  
25 Now we'll have CenturyTel's witnesses.

1                   Those of you who have not been sworn in,  
2   please raise your right hand.

3                   (Witnesses sworn.)

4                   JUDGE JONES: Please state your name and  
5   say you do.

6                   MR. HANKINS: Ted Hankins, yes.

7                   MR. BUCHAN: Ken Buchan, I do.

8                   MS. HANKINS: Pam Hankins, I do.

9                   MS. WILKES: Carla Wilkes, yes.

10                  MR. MARTINEZ: Arthur Martinez, I do.

11                  MR. BUSBEE: Alfred Busbee, I do.

12                  JUDGE JONES: Thank you. And those of you  
13   who have been sworn in, you remain under oath. You all  
14   may present your direct, rebuttal testimonies.

15                  MR. HARTLEY: Thank you, your Honor. I  
16   think the direct and rebuttal of Dr. Wayne Davis and Susan  
17   Smith were admitted yesterday.

18   TED HANKINS, KEN BUCHAN, PAM HANKINS, CARLA WILKES, ARTHUR  
19   MARTINEZ, WAYNE DAVIS, BILL AVERA, SUE SMITH AND ALFRED  
20   BUSBEE testified as follows:

21   DIRECT EXAMINATION BY MR. HARTLEY:

22                  Q.     Mr. Buchan, will you please state your name  
23   and address.

24                   (Answers by Mr. Buchan.)

25                  Q.     My name is -- my name is Ken Buchan, P.O.

0320

1 Box 465, Monroe, Louisiana 71203.

2 Q. Are you the same Ken Buchan who filed  
3 direct and rebuttal testimony in this proceeding?

4 A. Yes, I am.

5 Q. If we asked you the same questions today,  
6 would your answers be the same?

7 A. Yes, they would.

8 Q. Do you have any corrections to your direct  
9 or rebuttal testimony?

10 A. No.

11 MR. HARTLEY: Your Honor, we'll offer  
12 Mr. Buchan's direct and rebuttal testimony as Exhibits J  
13 and K.

14 JUDGE JONES: Any objection?

15 (No response.)

16 JUDGE JONES: Exhibits J and K are admitted  
17 into the record.

18 (EXHIBITS J AND K WERE MARKED FOR  
19 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
20 EVIDENCE.)

21 BY MR. HARTLEY:

22 Q. Mr. Busbee, will you please state your name  
23 and address.

24 (Answers by Mr. Busbee.)

25 A. My name is Alfred Busbee, 2616 West Main,



0321

1 Jacksonville, Arkansas 72076.

2 Q. Are you the same Alfred Busbee who filed  
3 direct and rebuttal testimony in this proceeding?

4 A. I am.

5 Q. If we asked you the same questions today,  
6 would your answers be the same?

7 A. Yes, they would.

8 Q. Do you have any corrections to your direct  
9 or rebuttal testimony?

10 A. I do not.

11 MR. HARTLEY: Your Honor, we'll offer  
12 Exhibits L and M, the direct and rebuttal testimony of  
13 Alfred Busbee.

14 JUDGE JONES: Exhibit L and M are admitted  
15 into the record.

16 (EXHIBITS L AND M WERE MARKED FOR  
17 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
18 EVIDENCE.)

19 BY MR. HARTLEY:

20 Q. Ms. Hankins, will you please state your  
21 name and address.

22 (Answers by Ms. Hankins.)

23 A. My name is Pam Hankins. My address is  
24 100 CenturyTel Drive, Monroe, Louisiana.

25 Q. Are you the same Pam Hankins that filed

1 direct and rebuttal testimony in this proceeding?

2 A. Yes, I am.

3 Q. If we asked you the same questions today,  
4 would your answers be the same?

5 A. Yes.

6 Q. Do you have any changes to your direct or  
7 rebuttal testimony?

8 A. I do have one correction on my direct  
9 testimony on page 8, line 4.

10 Q. What is that change?

11 A. Where it reads, CenturyTel should not be  
12 permitted, that should say, Socket should not be  
13 permitted.

14 Q. With the exception of the one typographical  
15 change, the word CenturyTel to Socket, do you have any  
16 other changes to your testimony?

17 A. No.

18 MR. HARTLEY: With those changes, your  
19 Honor, we'll offer Exhibits N and O, the direct and  
20 rebuttal testimony of Ms. Hankins.

21 JUDGE JONES: Exhibits N and O are admitted  
22 into the record.

23 (EXHIBITS N AND O WERE MARKED FOR  
24 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
25 EVIDENCE.)

1 BY MR. HARTLEY:

2 Q. Mr. Hankins, would you state your name and  
3 address for the record.

4 (Answers by Mr. Hankins.)

5 A. Ted Hankins, 100 CenturyTel Drive, Monroe,  
6 Louisiana.

7 Q. Are you same Ted Hankins who filed direct  
8 and rebuttal testimony in this proceeding?

9 A. Yes, I am.

10 Q. Do you have any changes to your direct or  
11 rebuttal testimony? In filing your direct and rebuttal,  
12 did you inadvertently fail to attach a schedule?

13 A. Yes, I did.

14 Q. What is that schedule?

15 A. It's the schedule on nonrecurring charges.

16 Q. Did those represent the nonrecurring  
17 charges that CenturyTel is proposing in this proceeding,  
18 assuming there's no electronic access to OSS?

19 A. That is correct.

20 Q. Other than the addition of that schedule,  
21 do you have any other changes to your direct or rebuttal  
22 testimony?

23 A. No, I do not.

24 MR. HARTLEY: Your Honor, we'll offer  
25 Exhibit P and Q as the direct and rebuttal testimony of

1 Mr. Hankins, and Exhibit R as the omitted schedule.

2 MR. MAGNESS: Your Honor, if we could get a  
3 copy of Exhibit R, we were kind of curious where the  
4 nonrecurring rate proposal was.

5 JUDGE JONES: Any objection to Exhibit P, Q  
6 and R?

7 MR. MAGNESS: None.

8 JUDGE JONES: Exhibits P, Q and R are  
9 admitted into the record.

10 (EXHIBITS P, Q AND R WERE MARKED FOR  
11 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
12 EVIDENCE.)

13 BY MR. HARTLEY:

14 Q. Ms. Wilkes, would you state your name and  
15 address for the record.

16 (Answers by Ms. Wilkes.)

17 A. Yes. My name is Carla Wilkes. Address is  
18 100 CenturyTel Drive, Monroe, Louisiana.

19 Q. Are you the same Ms. Wilkes who filed  
20 direct and rebuttal testimony in this proceeding?

21 A. Yes, I am.

22 Q. Do you have any nonproprietary changes to  
23 your direct and rebuttal testimony?

24 A. Yes, I do.

25 Q. What is that change?

1           A.       On page 2, lines 3 and 4, it says, please  
2 see Wilkes Schedule No. 1. We should strike that.

3           Q.       Is this in your direct or rebuttal?

4           A.       I'm sorry. Direct.

5           JUDGE JONES: Is your microphone on?

6           MS. WILKES: Yes, sir.

7           JUDGE JONES: I can't hear you. What was  
8 that correction?

9 BY MR. HARTLEY:

10          Q.       Would you please repeat your correction,  
11 Ms. Wilkes?

12          A.       Yes, I will. That is on page 2, lines 3  
13 and 4 says, please see Wilkes Schedule No. 1, which is a  
14 summary of my experience and background. Please strike  
15 that.

16          Q.       With the exception of that change, do you  
17 have any other nonproprietary changes to your testimony?

18          A.       No, I do not.

19          Q.       Do you have any proprietary changes to your  
20 testimony?

21          A.       Yes, I do.

22          Q.       Would you please explain the nature of what  
23 those changes are without going into details?

24          A.       Yes, I would. The cost savings that are  
25 represented on page 9 and page 14 fluctuate between those.

1 The overall cost savings is the same, some head count.

2 Q. It's a change to some proprietary numbers?

3 A. Yes.

4 MR. HARTLEY: As a matter of administrative  
5 efficiency, your Honor, we would propose to put those on a  
6 sheet, a one-page document that we can file as proprietary  
7 instead of reading those into the record and having to  
8 shut things down.

9 JUDGE JONES: Anybody have any problem with  
10 that?

11 MR. MAGNESS: No, your Honor. Mr. Hartley,  
12 indulge me. What was the page number?

13 MR. HARTLEY: I think it was page 2 of  
14 Ms. Wilkes' direct for the nonproprietary.

15 BY MR. HARTLEY:

16 Q. Proprietary was on which page, Ms. Wilkes?

17 MS. WILKES: Proprietary was page 9 and  
18 page 14.

19 MR. MAGNESS: Thank you.

20 MR. HARTLEY: And we'll make that filing  
21 either this afternoon or in the morning.

22 JUDGE JONES: That will be fine.

23 BY MR. HARTLEY:

24 Q. Do you have any other changes to your  
25 direct or rebuttal, Ms. Wilkes?

1           A.       Those numbers will change the Wilkes  
2   Schedule No. 1 that does have the cost, the schedule  
3   that's applied.

4           Q.       And that will be included in the --

5           A.       Absolutely.

6                   MR. HARTLEY: With those changes  
7   forthcoming, your Honor, we'll offer Exhibits S and T, the  
8   direct and rebuttal testimony of Ms. Wilkes.

9                   JUDGE JONES: Exhibits S and T are admitted  
10   into the record.

11                   (EXHIBITS S AND T WERE MARKED FOR  
12   IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
13   EVIDENCE.)

14   BY MR. HARTLEY:

15           Q.       Mr. Martinez, would you please state your  
16   name and address for the record.

17                   (Answers by Mr. Martinez.)

18           A.       Arthur P. Martinez, 220 Madison Street,  
19   Jefferson City, Missouri 65101.

20           Q.       Are you the same Arthur Martinez who filed  
21   direct and rebuttal testimony in this proceeding?

22           A.       Yes, I am.

23           Q.       Do you have any changes to your direct or  
24   surrebuttal testimony?

25           A.       I believe I do.

1 Q. Are those changes proprietary or  
2 nonproprietary?

3 A. Nonproprietary.

4 Q. What is the first change you have to your  
5 direct or rebuttal?

6 A. I believe the only change I have is to  
7 indicate that Issue No. 7 has been settled.

8 Q. Is that the resale issue in Article 6?

9 A. That's correct.

10 Q. Okay. Any other changes to your direct or  
11 rebuttal?

12 A. No, I do not.

13 MR. HARTLEY: Your Honor, we'll offer  
14 Exhibits U and V, the direct rebuttal -- direct and  
15 rebuttal testimony of Arthur Martinez.

16 JUDGE JONES: Exhibits U and V are admitted  
17 into the record.

18 (EXHIBITS U AND V WERE MARKED FOR  
19 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
20 EVIDENCE.)

21 BY MR. HARTLEY:

22 Q. Mr. Buchan, in your direct testimony, you  
23 submitted certain exhibits or certain schedules, the cost  
24 model; is that right?

25 (Answers by Mr. Buchan.)



1           A.       That is correct.

2           Q.       I'm going to hand you a large stack of  
3 paper and ask you to look at this.

4                    Have you looked through that, Mr. Buchan?

5           A.       I've flipped through it.

6           Q.       Does that appear to be a hard copy of  
7 Exhibit KWB-1, the disk that was a cost model that was  
8 supplied with your testimony?

9           A.       Yes, it does.

10                   MR. HARTLEY: Your Honor, we'll offer  
11 Exhibit W, a hard copy of the electronic cost model that  
12 was filed.

13                   JUDGE JONES: Exhibit W is admitted into  
14 the record.

15                   (EXHIBIT W WAS MARKED FOR IDENTIFICATION BY  
16 THE REPORTER, AND RECEIVED INTO EVIDENCE.)

17                   MR. HARTLEY: With that, your Honor, we'll  
18 tender the panel.

19                   JUDGE JONES: Cross-examination?

20                   MR. MAGNESS: I again just want to go ahead  
21 and give the witness a set of things I'll probably talk to  
22 the witness about. I've handed this to Dr. Avera just  
23 because I think all of these documents are ones I'm going  
24 talk to him about.

25 CROSS-EXAMINATION BY MR. MAGNESS:

1           Q.       Dr. Avera, in your testimony, you had a  
2   fair amount of discussion about CenturyTel's service  
3   territory, correct?

4                   (Answers by Dr. Avera.)

5           A.       Yes, sir.

6           Q.       I've shown -- I've offered you -- or rather  
7   given you a document from a website entitled Missouri  
8   Census Data Center. Did you review any Missouri-specific  
9   census data in preparing your testimony?

10          A.       In another engagement recently, I reviewed  
11   information on Missouri household income and population  
12   change. So I'm somewhat familiar, but not specifically in  
13   preparation of this case.

14          Q.       So do we have the benefit of that  
15   investigation in the record so far?

16          A.       Well, I think that knowledge was available  
17   to me when I wrote my testimony. I didn't specifically  
18   reference it.

19          Q.       And you are familiar with -- maybe I'll  
20   just ask you this -- with the CenturyTel territory in  
21   Missouri?

22          A.       I am generally, yes.

23          Q.       On this document, it's entitled State and  
24   County Population Estimates with Components of Change for  
25   2005, notes Missouri's population grew from 2004-2005, but

0331

1 then notes further down -- if you go down there's a line  
2 that begins, 2000 census. Says --

3 A. The first paragraph?

4 Q. Yes, sir. St. Charles County continues to  
5 be the fastest growing Missouri county measured in terms  
6 of persons added, with just over 46,000. Are you aware  
7 that CenturyTel serves a significant portion of  
8 St. Charles County?

9 A. I am.

10 Q. And there were three other smaller counties  
11 that had a larger percentage increase over the period than  
12 St. Charles. Christian County they identify as one of  
13 those counties. Are you aware that CenturyTel serves  
14 Christian County?

15 A. I think that is also true.

16 Q. And on the next document, I'd ask you to  
17 look more specifically, and I guess I'll ask you, on these  
18 population statistics, did you in this case or in your  
19 previous engagement have an opportunity to review US  
20 census statistics about particular places in the  
21 CenturyTel territory?

22 A. Well, I reviewed census data about Missouri  
23 generally by county to learn that, for example, between  
24 2000 and 2005, more than half of the counties actually  
25 lost population in Missouri.

1           Q.       Well, it looks like St. Charles wasn't one  
2   and Christian wasn't one. Let's look at O'Fallon as a  
3   city in particular, and this is from QuickFacts from the  
4   US Census Bureau. Do you see over on the right side of  
5   the document it says, People QuickFacts and shows a  
6   population of 2003 estimated at 63,677, then notes there  
7   was a 30.5 percent population increase between April 1st,  
8   2001 and July 1st, 2003. And you see that?

9           A.       Yes, I do.

10          Q.       Okay. And population percentage change of  
11   over 152 percent for the decade of the 1990s. Were you  
12   aware when you wrote your testimony that O'Fallon was  
13   experiencing that kind of growth?

14          A.       I was aware that many of the areas served  
15   by CenturyTel were areas of rapid growth. They're areas  
16   around popular areas like Branson and around the growing  
17   suburbs of St. Louis and Columbia. So I was generally  
18   aware that in part of the service area there was growth.  
19   And this is an area where the growth is expansive, in that  
20   it's not the kind of growth you experience in an urban  
21   core where people build up. Generally, in these  
22   fast-growing suburban counties, they build out.

23          Q.       Let's look at a report from one of those  
24   fast-growing suburban counties. The next document I  
25   handed you is the St. Charles County Master Plan, and as

0333

1 you'll see if you flip in, it's authorized by resolution  
2 of the St. Charles County Council. If you could flip in,  
3 there's a table of contents, then I've provided Romanette  
4 page 1, 2 and 3 where there appears a heading called  
5 Demographic Information. Just let me know when you get  
6 there. I know there's several pages there.

7 A. Which Romanette, please?

8 Q. Romanette 3.

9 A. I'm there.

10 Q. It notes St. Louis County, an inner-ring  
11 county abutting the central city of St. Louis, reaches a  
12 mature level of development. St. Charles County is  
13 expected to continue its rapid growth. It lies in the  
14 path of the westward development pattern within the  
15 metropolitan area. Because of this and other factors,  
16 St. Charles County has been the fastest-growing county in  
17 the metropolitan area.

18 Now, doesn't this, in fact, indicate that  
19 there is movement of significant population out of  
20 metropo-- out of the City of St. Louis into these suburban  
21 ring areas?

22 A. Yes, sir. And that has been my  
23 understanding even before I saw this document. And it's  
24 not unique to the St. Louis area. I think that is a  
25 growth pattern that's being experienced throughout the

1 United States.

2 Q. And on this growing out rather than up,  
3 you're from Austin, Texas, right?

4 A. I am.

5 Q. There's -- you know a town called Round  
6 Rock?

7 A. The headquarters of Dell Computer, I  
8 certainly do.

9 Q. And it's a suburban ring city?

10 A. Yes.

11 Q. Sort of like one of these cities here,  
12 right?

13 A. It's in Williamson County, part of the  
14 metro area of Austin.

15 Q. And managed to attract the world  
16 headquarters of one of the largest computer companies on  
17 earth, right?

18 A. It did. It stole it from the downtown of  
19 Austin out to the suburbs.

20 Q. If you could look at the next --

21 JUDGE JONES: Let me interrupt you for just  
22 a second. Again, is that microphone on?

23 DR. AVERA: It is, your Honor.

24 JUDGE JONES: Okay.

25 DR. AVERA: I'll try to speak more directly

0335

1     into it.

2                     JUDGE JONES:   Move it closer to you.   Say  
3     test, test, one, two.

4                     DR. AVERA:   Test, test, one, two.   How's  
5     that?

6                     JUDGE JONES:   Okay.   Thanks.   You can  
7     continue, Mr. Magness.

8     BY MR. MAGNESS:

9             Q.       Okay.   The next document I've handed you  
10    concerns Columbia.   Again, it's one of these QuickFacts  
11    From the US Census Bureau documents.   Again, this one  
12    notes population percentage change April 1st, 2002 to  
13    July 1st, 2003 being 4.6 percent, and over the decade of  
14    the '90s, an increase of 21 percent.   Do you have any  
15    reason to disagree that's the case in Columbia?

16            A.       No.   I, in fact, looked up Columbia as part  
17    of this engagement.   It's the fifth largest city in  
18    Missouri, and it is a relat-- not the fastest-growing  
19    city, but a relatively fast-growing city in Missouri.

20           Q.       What's the fastest-growing city?

21           A.       I believe -- I'm trying to remember.   It's  
22    one of the Kansas City suburban cities, and it's jumped  
23    out of my head right now.

24           Q.       Okay.   If you could look at the next  
25    document I provided entitled, Telephone Exchanges

0336

1 Recognized with Competitive Status, you'll note this is a  
2 Missouri Public Service Commission document. At the  
3 bottom it notes that, dated March 3rd of 2006.

4 Would you agree with me that Columbia is a  
5 telephone exchange where the Commission, under state law,  
6 has recognized competitive status?

7 A. Yes.

8 Q. You would agree that that is also true of  
9 Ava, Seymour and Marshfield exchanges?

10 A. Yes.

11 Q. And that is also true of the O'Fallon and  
12 Wentzville exchanges?

13 A. Yes.

14 Q. Those are all served by CenturyTel,  
15 correct?

16 A. Yes.

17 Q. And O'Fallon and Wentzville are in that  
18 fast-growing St. Charles County, correct?

19 A. Yes.

20 Q. And there is also -- there are also  
21 CenturyTel or Spectra competitive classifications for some  
22 of those Kansas City suburbs that you mentioned as well,  
23 correct?

24 A. Yes, sir.

25 Q. In your experience, if an area has more



0337

1 business activity, more population, more going on  
2 generally, is it, all things being equal -- you being an  
3 economist, all things being equal, a more attractive place  
4 than it used to be for businesses to go?

5 A. Well, it's a more attractive place for  
6 businesses. That doesn't necessarily mean it's a more  
7 attractive place to be in business, especially if you are  
8 an incumbent LEC, because growth is a two-edge sword.

9 First, you have to expand your facilities.  
10 You have to anticipate that growth. As Mr. Davis  
11 describes in his testimony, that affects your fill  
12 factors. It has a lot of other effects. And secondly, it  
13 attracts a lot of businesses, up to and including your  
14 competitors. High growth areas are where you see more  
15 cable activity, you see more broadband overbuilders.

16 My earlier engagement actually had to do  
17 with the largest private equity firm in the country, which  
18 was looking at investment in cable and overbuilding  
19 facilities, and one of the things they're doing is trying  
20 to identify those fastest-growing areas because that's  
21 where they're going to go, and among other things, they  
22 will compete with the ILECs.

23 Q. So wouldn't you expect increased  
24 competitive entry in CenturyTel's territories that are  
25 places like St. Charles?

1           A.       I think you would expect increased  
2 competitive entry, but that doesn't necessarily imply  
3 competitive entry through using CenturyTel's network.  
4 CenturyTel, in some sense, is in the worst of both worlds.  
5 It has to expand its network in anticipation of the  
6 greater population, but it may well be that competitors  
7 using other modes, their own broadband cable, video cable,  
8 wireless, other ways of connecting customers do so, so  
9 that there is not a demand for let's say UNEs or reselling  
10 lines.

11                       Certainly what, as I point out in my  
12 rebuttal testimony, Verizon and SBC, AT&T are experiencing  
13 is lower levels of use of their network at the same time  
14 they have higher levels of competition. There are other  
15 ways, and it seems like increasingly favorable ways to  
16 compete, other than using the ILEC network.

17           Q.       Wouldn't it be good for the ILEC if more of  
18 that excess capacity was being used by competitors?

19           A.       If it were going to be used by competitors,  
20 that would be better, but the worst thing that can happen  
21 is to build a network and then it become stranded because  
22 competitors serve their customers through another mode,  
23 either temporarily using the ILEC's network while they get  
24 their own system built out or never engaging in using the  
25 ILEC's network at all.

1           Q.       So I took it from most of your and other  
2 witnesses' testimony that from a cost perspective,  
3 CenturyTel was something at a disadvantage at high cost  
4 because of the rural nature of the territory. I guess I'm  
5 now hearing you saying that CenturyTel's disadvantaged in  
6 that you might experience high costs because you're in  
7 fast-growing areas, too. So I guess there's no way for  
8 you to win?

9           A.       That is -- it's not about winning or  
10 losing, Mr. Magness. That is just the characteristic, the  
11 fundamental economic characteristic of the service area.  
12 It is primarily rural. Parts of the rural territory are  
13 experiencing the rapid growth because they are suburban  
14 areas or areas with other attractions such as the Branson  
15 area.

16                       So rural, the fact that it's rural has  
17 definitive cost implications, and the fact that it's  
18 growing has definitive cost implications. And in my  
19 testimony, I say they ought to be considered by this  
20 Commission in considering the rates at issue.

21           Q.       The last document I think I'll have you  
22 look at is from CenturyTel's annual report for 2005. Did  
23 you review that document in preparing your testimony?

24           A.       I did.

25           Q.       And if you flip in, I'm not sure the page

0340

1 numbers produced very well, but there's a second page that  
2 says, dear shareholders, and then there is a following  
3 page. First words on it are, results and further  
4 strengthened our financial position. Are you there?

5 A. Yes.

6 Q. Okay. You understand that CenturyTel says  
7 it generated nearly \$965 million in net cash from its  
8 operations in 2005, right?

9 A. Yes, sir.

10 Q. And that it was able to return over  
11 \$580 million of cash to shareholders through share  
12 repurchases and cash dividends?

13 A. Yes.

14 Q. And that was in 2005. Are you aware that  
15 in 2006 CenturyTel has announced it intends to do another  
16 billion dollars in stock repurchase?

17 A. I am.

18 Q. And you're aware that CenturyTel says in  
19 2005 it was able to invest \$384 million in network  
20 enhancements?

21 A. Yes, it did.

22 Q. Now, in your testimony of the -- in your  
23 direct testimony at page 27, I think you're discussing  
24 cost of capital. Is it correct that your analysis was  
25 that a reasonable TELRIC-based cost of equity -- I'm

0341

1     sorry -- cost of capital for CenturyTel's UNEs is on the  
2     order of 12.18 percent?

3             A.       Well, I basically did two analyses.

4             Q.       Well, now, Dr. Avera, I'm sorry. All I'm  
5     asking is whether that was your recommendation.

6             A.       Well, that's not my recommendation. That  
7     is the result of one analysis. I did another analysis  
8     that came up, but I also said that it was reasonable to  
9     use the 11.25.

10            Q.       Understood. Okay. Isn't it correct that  
11    in the last Texas PUC Southwestern Bell or SBC now AT&T  
12    cost case you recommended a 12.19 percent, or actually  
13    your analysis resulted in a 12.19 percent cost of capital  
14    for SBC Texas?

15            A.       That is correct.

16            Q.       And SBC Texas is bigger than CenturyTel,  
17    right?

18            A.       SBC Texas -- SBC is certainly bigger.

19            Q.       AT&T's bigger than CenturyTel?

20            A.       AT&T is. If we're comparing the Texas area  
21    to all of CenturyTel, I'd have to think a little bit  
22    relative size.

23            Q.       And then on page 10 of your rebuttal, on  
24    the same topic, you did mention that CenturyTel has chosen  
25    an 11.25 cost of cap-- 11.25 percent cost of capital, and

1    you say that that's been a part of federal regulation for  
2    over 25 years, and then note that in the 1996 First Report  
3    and Order, the FCC recommended this as a starting point;  
4    is that right?

5           A.       Yes, sir.

6           Q.       I guess the paragraph you cite from the  
7    Order is paragraph 702, and as I read it, it says, we  
8    instituted a preliminary inquiry as to whether the  
9    currently --

10                  MR. HARTLEY:  Excuse me, Mr. Magness.  Do  
11    you have a copy for Mr. Avera?

12                  MR. AVERA:  I have it.

13                  MR. MAGNESS:  I'm sorry.  I didn't realize  
14    you were trying to get it.  Let me start again.

15    BY MR. MAGNESS:

16           Q.       Down there towards the middle of the  
17    paragraph, they mention the 11.25 number and say that --  
18    well, let me start from a full sentence.  We recognize  
19    that incumbent LECs are likely to face increased risks,  
20    given the overall increases in competition in the  
21    industry, which generally might warrant an increased cost  
22    of capital.  We note that earlier this year we instituted  
23    a preliminary inquiry as to whether the currently  
24    authorized federal 11.25 percent rate of return is too  
25    high, given current marketplace, cost of equity and debt.

1                   On the basis of the current record, we  
2   decline to engage in a time-consuming examination to  
3   determine a new rate of return which may well require a  
4   detailed proceeding. States may adjust the cost of  
5   capital if a party demonstrates to a state commission that  
6   either a higher or lower level of cost of capital is  
7   warranted without the commission conducting a rate of  
8   return or other rate-based proceeding.

9                   I read that correctly, didn't I?

10           A.       You did.

11           Q.       Okay. Now, I guess as I read that, the FCC  
12   notes that there was in 1996 a cost of capital number that  
13   they were willing to incorporate to some extent in TELRIC.  
14   Is it your view that a cost of capital number that's from  
15   1996 is acceptable for use in setting rates today?

16           A.       It is. First, the rest of the story, as  
17   Paul Harvey would say, that preliminary inquiry that they  
18   mention I participated in, and the outcome was to keep  
19   11.25 in place. As I described in my direct testimony,  
20   there have been several other times the FCC has reopened  
21   the issue of whether to revise the 11.25, and again, they  
22   found it is in place and it is in place as we sit here  
23   today.

24                   Also, in my direct testimony I do a cost of  
25   capital analysis using the format that the Commission

1     adopted in the Verizon arbitration orders, and I came up  
2     with a 12.18 that you talked about earlier. So updating  
3     it using today's -- actually using last month's capital  
4     market data would give you certain comfort that 11.25 is  
5     not too high.

6                     I did another thing, I updated the Texas  
7     Commission Order that is mentioned in Mr. Turner's  
8     testimony for the increase in interest rates, the increase  
9     in data and the other changes that have occurred, and if  
10    you adjust the Texas Order of 9.29 in 2004, before the  
11    Federal Reserve started increasing interest rates, when  
12    interest rates were at the lowest point in 25 years, to  
13    now when they're at the highest point in five years, the  
14    Texas Commission Order converts to about 11.31. So all of  
15    that confirms that the 11.25 is a fresh, reasonable and  
16    forward-looking number for today.

17            Q.       So back in that Texas case when interest  
18    rates were at historic lows, you were still recommending  
19    12.18?

20            A.       I was.

21            Q.       And the Commission went down to 9?

22            A.       They went down to 9.29. Now, Ms. Murray,  
23    who was in the same case, recommended 7. So I was at  
24    least happy the Commission was closer to me than they were  
25    to her, but the Commission ordered what it ordered. But I



0345

1 think if you look at what has happened since 2004, a  
2 dramatic change in interest rates, a continued increase in  
3 the relative risk of LECs, even taking the Commission  
4 Order as a starting point would get you back to about  
5 11.25 today.

6 Q. Do you have a copy of the other support you  
7 cited for that Triennial Review Order, paragraph 682?

8 A. I believe I do.

9 JUDGE JONES: Mr. Magness, when you come to  
10 a good stopping point, that would be a good time to stop.

11 MR. MAGNESS: This might be a good stopping  
12 point. Actually, that would be fine.

13 JUDGE JONES: We'll take a break until  
14 10:15, come back and get started.

15 (A BREAK WAS TAKEN.)

16 JUDGE JONES: Okay. We can go back on the  
17 record.

18 BY MR. MAGNESS:

19 Q. Dr. Avera, we were discussing your  
20 reference to TRO paragraph 682. Have you had a chance to  
21 review that paragraph?

22 A. I have.

23 Q. My question about your reference to it was,  
24 I took it that you were using it to add credence to use of  
25 a particular number that is 11.25, and I guess as I read

1 that paragraph, the FCC was discussing methodological  
2 concerns about TELRIC, but I didn't see where they gave  
3 any reference to the 11.25 number.

4 A. Well, they do give a reference to the  
5 11.25 in paragraph 677, but most importantly, and what I  
6 cite and what I use was the discussion about the risk  
7 benchmark that should be used in the TELRIC cost of  
8 capital. It should be forward-looking and looking at a  
9 time of full competition.

10 In these paragraphs it talks about the old  
11 AT&T's position versus the SBC and Verizon position, and I  
12 think what the Commission articulates here, as I recount  
13 in my direct testimony, is the benchmark is a competitive  
14 environment, the cost of capital in a fully competitive  
15 environment.

16 And in the Verizon Arbitration Order, which  
17 I also cite and use, the Commission Wireline Bureau used  
18 and put meat on the bones of that idea of how you do get a  
19 cost of capital that reflects competition, as I think I  
20 have done in coming up with the cost of capital  
21 recommendation here.

22 Q. What do they say in paragraph 677 about the  
23 11.25 rate?

24 A. They say that, the Commission noted that  
25 the 11.25 percent was the currently authorized rate of

1 return at the federal level but held the states may adjust  
2 the cost of capital if a party demonstrates to a state  
3 commission that either a higher or lower level of cost of  
4 capital is warranted.

5 Q. So they just repeated the conclusion of the  
6 local competition report, right?

7 A. They did that, and then in the following  
8 paragraphs they said, okay, SBC and Verizon made all these  
9 arguments why it should go up. AT&T made all these  
10 arguments why it should go down. And then they said,  
11 we're not going to come up with a number, but here's what  
12 you must consider, what the states must consider in coming  
13 up with a number.

14 Q. Thank you, Dr. Avera.

15 Mr. Hankins?

16 (Answers by Mr. Hankins.)

17 A. Yes.

18 Q. Could you look at your direct testimony, I  
19 suppose it's your confidential direct testimony, page 5.  
20 You note what schedules that you've attached to your  
21 testimony here, and there are four. Schedule TMH-1 was  
22 alternative UNE NRCs assuming electronic OSS, and NRC is  
23 the nonrecurring rates, right?

24 A. Yes.

25 Q. And so assuming electronic OSS, does that

0348

1 mean you included in those NRCs the OSS adder that  
2 CenturyTel proposes if the Commission orders CenturyTel to  
3 do OSS?

4 A. I believe in this schedule, which I revised  
5 in my rebuttal, the additive or the NRC that we -- that's  
6 represented in this schedule is purely the additive and  
7 did not combine the additive with the proposed NRC to get  
8 the CenturyTel proposed NRC. It's like taking the best  
9 NRCs plus the OSS additive.

10 Q. So is that something that was corrected in  
11 rebuttal?

12 A. Yes.

13 Q. And show me where that was corrected.

14 A. That was corrected in rebuttal Schedule  
15 TMH-REB-1.

16 Q. So the -- I'm trying to be sure we're  
17 looking at the same things. On the rebuttal Exhibit 1,  
18 it's a schedule of prices. You have the Socket proposed  
19 price, then the CTEL proposed additive. That's only the  
20 OSS additive that you want if the Commission orders an  
21 OSS, right?

22 A. That's correct.

23 Q. Okay. And that's what was reflected in  
24 your rebuttal?

25 A. Yes.

1           Q.       So the -- so your correct NRCs, assuming  
2   the OSS additive is included, were provided to the  
3   Commission in Schedule TMH Rebuttal 1, and under the last  
4   column, CTel proposed rates, Socket proposed prices plus  
5   Socket proposed full electronic access to OSS additive,  
6   right?

7           A.       Provided the OSS system is supported by the  
8   Commission, yes.  Otherwise, we propose the GTE  
9   nonrecurring rates that are in the existing schedules.

10          Q.       But when you added your OSS additive to  
11   show the Commission what the nonrecurring rates would be,  
12   you added them to Socket's nonrecurring, right?

13          A.       That's correct.

14          Q.       So is there anywhere where you filed the  
15   GTE actual CenturyTel proposed NRCs plus the additive?

16          A.       No.

17          Q.       Okay.  So that's not in the record?

18          A.       That's correct.

19          Q.       We don't know what those numbers are?

20          A.       Well, no.  Those were -- the GTE numbers  
21   were in Article 7 of the interconnection agreement that we  
22   were working with Socket on.

23          Q.       During negotiations?

24          A.       Yes.

25          Q.       Okay.

1           A.       And subsequent, I believe we added the NRCs  
2 as a late -- today.

3           Q.       Right. So what you filed today is  
4 CenturyTel's actual proposal on nonrecurring rates, right,  
5 nonrecurring charges?

6           A.       Includes the OSS, yes.

7           Q.       So if the Commission does not order the OSS  
8 and the additive that CenturyTel's proposed, what we just  
9 received today is your actual proposal on nonrecurring  
10 rates?

11          A.       That's correct.

12          Q.       Okay. So it would have been a little bit  
13 difficult for Mr. Turner to do analysis of CenturyTel's  
14 actual nonrecurring rate proposal since we've never seen  
15 it, right? You haven't put it in testimony?

16          A.       No, it had not been put in testimony.  
17 However, it was in the interconnection agreements that  
18 were through the negotiations between the two companies.

19          Q.       Okay. So we would have needed to look --  
20 well, never mind.

21                    On your nonrecurring charges sheet that you  
22 passed out today, the proposal --

23          A.       Yes.

24          Q.       -- and it's labeled Attachment to Article 7  
25 Pricing. It has four columns. The first one is ordering

0351

1 100 percent manual, and then the other one is ordering  
2 semi-mech, I assume mechanical?

3 A. Yes.

4 Q. Or mechanized?

5 A. Mechanized, semi-mech, yeah.

6 Q. What would apply today? If these rates  
7 were in effect, what would you charge Socket for exchange  
8 basic initial, the first line on the chart?

9 A. The first column.

10 Q. It would be 38.75?

11 A. Yes.

12 Q. Because their ordering is 100 percent  
13 manual?

14 A. That's correct.

15 Q. Okay. And then when would they be eligible  
16 for the \$27.60 ordering semi-mechanical rate?

17 A. I'm not sure that that rate would apply  
18 today.

19 Q. Well, I'm asking you when would it apply?  
20 Not on a date, but what would have to happen to change the  
21 circumstances so that that rate would apply?

22 A. There would have to be an electronic OSS  
23 system in place or it would apply as a result of the GUI  
24 interface that we've actually implemented.

25 Q. So I guess I'm missing something. The GUI

1 interface is in place?

2 A. Yes, it is.

3 Q. Does Socket use it?

4 A. I can't answer that question.

5 Q. And GUI here is G-U-I, just to be sure.

6 Okay. Well, so if the Commission orders an OSS, then the  
7 NRC that you're proposing would go down, and I'm just --  
8 I'm hesitating because I'm looking down the schedule. It  
9 appears to be consistently true, right, the semi-mech rate  
10 is lower than the ordering 100 percent manual rate?

11 A. I believe that's true.

12 Q. Okay. So just so I understand it, if the  
13 Commission orders an OSS, then it's CenturyTel's position  
14 that the ordering semi-mechanical rate would then go into  
15 effect?

16 A. No. I believe our position that we've  
17 stated in both direct and rebuttal is that if the  
18 Commission orders the electronic OSS system, the OSS  
19 additive would apply in my rebuttal schedule, along with  
20 the proposed rates from Socket. The schedule that you  
21 have in your hand only applies if the OSS system is not  
22 ordered by the Commission.

23 Q. Well, but I was asking you when would  
24 ordering semi-mech apply? And that's what you told me, if  
25 the Commission orders OSS. So when would it apply then?



0353

1           A.       I'm not sure I can answer that question.

2           Q.       You're the witness supporting the rates,  
3   right?

4           A.       Yes.

5           Q.       Okay. Does CenturyTel consider the GUI,  
6   the GUI system semi-mechanical or manual?

7           A.       It would be semi-mechanical.

8           Q.       Okay. So your testimony is -- setting  
9   aside the OSS issue in front of the Commission, let's say  
10 nothing happens on that.

11          A.       Okay.

12          Q.       If CenturyTel's rates are accepted, you're  
13 saying your proposal is that if Socket uses the GUI  
14 interface, it will pay \$27.60 if it doesn't -- and I'm  
15 still looking at this exchange basic initial unbundled  
16 loop just for reference. It's the first line. Start  
17 again.

18                    If Socket uses the GUI interface, they  
19 would pay 27.60. If they don't use it, they would pay  
20 \$38.75?

21          A.       Yes. That's the way the schedule is laid  
22 out.

23          Q.       Well, I understand that's the way it's laid  
24 out, but is that correct?

25          A.       Yes.

0354

1           Q.       So the use of the GUI interface drives that  
2 difference?

3           A.       Yes, it would.

4           Q.       And is that difference reflected in your  
5 cost study?

6           A.       Which cost study?

7           Q.       Any of the cost -- did you use these?

8           A.       These are the GTE --

9           Q.       Okay.

10          A.       -- base rates.

11          Q.       So these are all the GTE rates?

12          A.       Yes, sir.

13          Q.       Okay. And so did GTE have a manual versus  
14 a semi-mechanical rate?

15          A.       Yes, as reflected in this schedule.

16          Q.       So your position is, this is exactly the  
17 GTE schedule, and when applied to CenturyTel, Socket would  
18 pay ordering semi-mechanical rates if this was approved,  
19 except in what circumstance?

20          A.       Would you repeat the question?

21          Q.       Yeah. I understand if they use the current  
22 interface, they pay the lower rate, the ordering  
23 semi-mechanical rate. So it's only if they don't use that  
24 interface or any other improvements in OSS that they pay  
25 the higher rate?

0355

1           A.       That would be correct.

2           Q.       Okay.  Are these rates being used by  
3 CenturyTel here in Missouri for any other companies?

4           A.       Yes.  I believe those are rates in existing  
5 interconnection agreements on file with the Commission.

6           Q.       And does CenturyTel in its billing system  
7 distinguish between the charges for manual ordering and  
8 semi-mechanical ordering?

9           A.       I'm not sure I can answer that question.

10          Q.       Okay.  The cost studies that were done on  
11 the other rates in the case, cost studies have been  
12 submitted into evidence, when did you start working on  
13 those?

14          A.       I believe those are studies prepared by  
15 Mr. Buchan.

16          Q.       Okay.  So you're not the witness on any of  
17 those?

18          A.       No, I am not.

19          Q.       Okay.  I'm sorry.

20                    Mr. Buchan, when did you start working on  
21 those cost studies?

22                    (Answers by Mr. Buchan.)

23          A.       We started working on the recurrent DS1/DS3  
24 UNE loop studies probably early February.

25          Q.       Okay.  So you started work on the DS1 UNE

0356

1 loop and the two-wire/four-wire loop studies at the same  
2 time?

3 A. The two and four-wire loop is a part of the  
4 DS1/DS3 UNE loop rates. So you have to get two and  
5 four-wire loop rates to get a DS1/DS3 UNE loop rate.

6 Q. All I'm trying to understand is, there was  
7 a DS1 UNE cost study, correct?

8 A. That's correct.

9 Q. And as a -- I'll put it this way and you  
10 can correct me. There was also a two-wire/four-wire loop  
11 study?

12 A. That is correct.

13 Q. Okay. So there were two cost studies?

14 A. No. There was one cost study, but to get  
15 the DS1 or DS3 UNE loop rates, you have to have a two and  
16 four-wire loop cost.

17 Q. Okay.

18 A. It's a component of the DS1.

19 Q. Okay. Let's talk about it that way.  
20 Terminology problem. Let's say there's one study in your  
21 mind with two components.

22 A. That's correct.

23 Q. Okay. Did you start working on those two  
24 components at the same time?

25 A. Yes.

0357

1           Q.       Okay.  So prior to early February, those  
2   cost studies weren't in existence?

3           A.       That is correct.

4           Q.       Who asked you to prepare them?

5           A.       I can't -- I can't recall who exactly  
6   requested that I prepare them.  It was somebody in the  
7   CenturyTel organization.  It may have been Ms. Smith or my  
8   boss.

9           Q.       Who's your boss?

10          A.       Jeff Glover.

11          Q.       But you don't recall?  I mean, you recall  
12   it may have been Ms. Smith or Mr. Glover, but do you know?

13          A.       I don't recall who exactly it was.

14                 MR. MAGNESS:  That's all I have, your  
15   Honor.  I do have some exhibits if we want to do those  
16   now.

17                 JUDGE JONES:  You have some exhibits.  Yes,  
18   you can mark those as exhibits.

19                 MR. MAGNESS:  Okay.  I believe you have all  
20   of them, so let me identify them for the record.  Socket 8  
21   is the Missouri Census Data Center MCDC highlights,  
22   revised 3/28/06 document.  Socket 9 is the O'Fallon City  
23   QuickFacts from the US Census Bureau.  10 is an excerpt  
24   from the St. Charles County Master Plan.  11, Columbia  
25   City QuickFacts from US Census Bureau.  12 is a map

1     entitled -- or a document including a map entitled  
2     Telephone Exchanges Recognized with Competitive Status.  
3     It's dated at the bottom 3/3/2006. 13 would be an excerpt  
4     from the 2005 CenturyTel annual report.

5                     I believe that's all. And we would offer  
6     each of those into evidence, your Honor.

7                     JUDGE JONES: Any objection?

8                     (No response.)

9                     JUDGE JONES: Exhibits 8 through 13 are  
10    admitted into the record.

11                    (EXHIBIT NOS. 8 THROUGH 13 WERE MARKED FOR  
12    IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
13    EVIDENCE.)

14                    JUDGE JONES: We'll have questions now from  
15    Natelle Dietrich.

16    QUESTIONS BY MS. DIETRICH:

17             Q.     I'd like to start with Ms. Hankins, please.  
18    If you could turn to your rebuttal page 20.

19                    (Answers by Ms. Hankins.)

20             A.     Okay. I'm there.

21             Q.     Beginning at line 9 you say, Socket's  
22    proposed language would obligate it to pay only an  
23    electronic service order charge, even though CenturyTel  
24    must process the order manually. Is CenturyTel proposing  
25    that there be an electronic charge and also a manual

1 charge? Is it both charges?

2 A. No. The charge would apply according to  
3 the way that the order was handled. That's what we're  
4 trying to say. If it's a manual process, then the manual  
5 charge would apply. If it's an electronic process, then  
6 the electronic charge would apply.

7 Q. Okay. And then with respect to orders to  
8 convert services, CenturyTel's proposing an engineering  
9 charge of \$179.37, and Socket proposes an ordering charge  
10 of \$3.92. Can you explain to me what's covered by your  
11 \$179.37 engineering charge?

12 A. Well, first of all, I disagree that's an  
13 engineering charge. I think that was some language used  
14 by one of the Socket witnesses. I believe it was  
15 Mr. Kohly's testimony, but I may be wrong.

16 But I think also you have a copy of the  
17 GTE/Verizon charges. I think I heard that was given out  
18 today. It's from that document that the \$179 came from,  
19 and you'll see it's a changeover charge for UNE conversion  
20 to an EEL. The charges themselves, that's where the  
21 charge comes from, is from that document.

22 Q. Okay. And do you know what makes up that  
23 charge, what it covers?

24 A. I can tell you what our process is, but  
25 that particular charge, no, I did not develop that charge.

0360

1           Q.       Okay.  Now I'd like to switch to  
2   Mr. Buchan, please.

3                   In your direct testimony at page 17, at  
4   line 6 you say, upon further review, CenturyTel discovered  
5   that its fill factor for facilities was calculated in  
6   error, and you did not rerun the cost studies correcting  
7   that; is that correct?

8                   (Answers by Mr. Buchan.)

9           A.       That is correct.

10          Q.       Why not?  Why did you not rerun the cost  
11   studies?

12          A.       We had submitted the cost studies at that  
13   point, and it was after March 15th, I believe, that we  
14   discovered that the area 4 and 5, the input of 58 percent  
15   was in error.

16          Q.       Is the fill factor result still TELRIC  
17   compliant with the error?

18          A.       If a compliance run was ordered, we would  
19   obviously prefer that fill factor be adjusted to the  
20   correct amount.

21          Q.       If a compliance run is not ordered, is the  
22   rate or the fiscal factor that you're proposing, is it  
23   consistent with TELRIC methodology?

24          A.       The fill factor -- as it is today,  
25   obviously if the fill factor was corrected it would have



0361

1 an upward pressure on the rates. We're not proposing  
2 changing those rates at this minute.

3 Q. At your direct testimony on page 25,  
4 line 23, you talk about using costs and local exchange  
5 revenues from 2004. Why did you use 2004 as opposed to  
6 2005?

7 A. This is on the avoided cost discounts,  
8 correct?

9 Q. Correct.

10 A. We used the 2004 financial information  
11 because at the time the cost -- the avoided cost discount  
12 was calculated, it was I believe in November of '05, so  
13 that the '05 year was not complete at that point. So  
14 therefore, we used 2004 data.

15 Q. Okay. Now, on your rebuttal testimony, at  
16 page 13, lines 1 to 13, you say that inadvertent omission  
17 which was corrected on the next business day after  
18 CenturyTel discovered the mistake. Do you see that?

19 A. Yes, ma'am.

20 Q. Can you tell me the date it was discovered  
21 and reported, how that corresponded when testimony was  
22 due?

23 A. Can I read that whole paragraph just for  
24 context?

25 Q. Sure.

1           A.       Yeah. We had provided the cost studies, I  
2 believe, March 15th, and as part of that, we should have  
3 supplied -- the cost studies had developed rates for DS1s  
4 and DS3s by exchange. And depending on the access lines,  
5 we had to get those exchanges into areas based on access  
6 lines. So we had to do a weighted average calculation for  
7 that area so that we could come up with DS1 and DS3 rates  
8 for only four areas for each of the two companies.

9                       We did not provide that March 15th. We  
10 found it -- I think that was on a Wednesday, March 15th.  
11 We found it on Friday, and I believe we provided the  
12 information to the parties on Monday morning.

13           Q.       Okay. And your rebuttal testimony at  
14 page 15, at line 6 and 7, you say -- you're talking about  
15 fiber costs and the DS1 and DS3 UNE loop rates, and you  
16 say CenturyTel reserves the right to utilize the revised  
17 fiber costs should the Commission defer pricing to a  
18 separate proceeding. Why did you not use the revised  
19 fiber costs in the studies that you ran at this time?

20           A.       The -- the model was submitted March 15th,  
21 and subsequent to that we found that one of the inputs in  
22 the model relating to fiber investment was lower than what  
23 it should have been.

24           Q.       But you had already submitted the studies?

25           A.       Yes, ma'am.

1           Q.       And can you explain to me why it is  
2   appropriate to use the two-wire and four-wire inputs that  
3   you came up with in the currently run studies to determine  
4   the DS1/DS3 rates as opposed to using the Verizon rates  
5   which the parties have agreed upon?

6           A.       Because those two and four-wire rates that  
7   we developed are based on CenturyTel investment costs.  
8   They're based on the actual loop lengths of CenturyTel  
9   customers. They are -- it's based on a forward-looking  
10  network design that is specific to CenturyTel.

11          Q.       Okay. Thank you.

12                   Now, Mr. Davis, if you could explain to me  
13  the reasoning or the appropriateness for selecting 18  
14  exchanges as an appropriate sampling model, sampling  
15  methodology.

16                   (Answers by Mr. Davis.)

17          A.       Yes. As I was brought in to assist in the  
18  development of this cost study, time was given as an  
19  essence that we had to meet a certain date. And as you've  
20  heard other witnesses testify, an exploded cost study that  
21  would involve these 203 exchanges would have taken months  
22  to accomplish and would have been way on into this  
23  calendar year to complete. So I was asked to provide  
24  assistance, and I said, well, can we take a sampling that  
25  is representative of the exchanges for all of Missouri?

1                   In doing that, then, and I explained in my  
2   testimony how we did it in taking the exchanges into the  
3   rate group schedules that were previously defined of  
4   Schedules 1 through 4, and then taking the exchanges, put  
5   those into those, analyzing those exchanges on criteria  
6   that would somewhat assimilate an average calculation.

7                   And that was based upon access lines in  
8   total, access lines per square mile, access lines per  
9   route mile, and then looking to see what the average would  
10   be within those different rate group schedules, selecting  
11   exchanges that closely approximated those averages, and  
12   then taking those and examining whether or not we had  
13   actual data that we could extract for loops and apply  
14   those, believing that those did represent all of the  
15   exchanges. It was a sampling of roughly 30 percent of the  
16   access lines in total.

17           Q.       Thank you.

18                   Mr. Hankins, if the Commission does not  
19   order CenturyTel to implement electronic OSS, CenturyTel  
20   proposes the GTE arbitrated rates for nonrecurring  
21   charges, correct, the Verizon arbitrated, whichever ones?

22                   (Answers by Mr. Hankins.)

23           A.       They are Verizon rates. I'm not sure they  
24   ever went through an arbitration proceeding.

25           Q.       Okay.

1           A.       But they are in agreements approved by the  
2 Commission today.

3           Q.       Are there any nonrecurring charges that are  
4 not included in those rates?

5           A.       I believe it's all-inclusive.

6           Q.       In your direct testimony, you talk about  
7 having to recover significant costs if the Commission does  
8 order an electronic OSS. Did CenturyTel perform any  
9 nonalternative nonrecurring cost studies?

10          A.       We looked at several different options and  
11 chose the option that we put forth, which was to really  
12 allocate the OSS cost across the existing nonrecurring  
13 rates.

14          Q.       Did you perform any cost studies for  
15 nonrecurring rates without including the OSS?

16          A.       No, we did not.

17                   MS. DIETRICH: Okay. Thank you. That's  
18 all I have.

19                   JUDGE JONES: Mr. McKinnie?

20 QUESTIONS BY MR. MCKINNIE:

21          Q.       Mr. Hankins, I want to ask one clarifying  
22 question on the OSS additive. Is that the same for both  
23 Spectra and CenturyTel?

24                   (Answers by Mr. Hankins.)

25          A.       Yes, it would be.

1           Q.       And because GTE rates would be the same,  
2 then that would be the same across the board, correct?

3           A.       Correct.

4           MR. McKINNIE:   Okay.   Thank you.

5           JUDGE JONES:   Mr. Henderson?

6           MR. HENDERSON:   Yes, I have one question.

7   QUESTIONS BY MR. HENDERSON:

8           Q.       Mr. Hankins, on the attachment to Article 7  
9 on pricing that you submitted today?

10                   (Answers by Mr. Hankins.)

11          A.       Yes.

12          Q.       Okay.   There's four columns across there.  
13 The first column says, ordering 100 percent manual, and  
14 what that tells me, there's nothing in your GUI system  
15 that allows them to perform that task; is that correct?

16          A.       Sir, could you --

17          Q.       If it's 100 percent, there's no  
18 semi-mechanized system available for them to do that, is  
19 that correct, if they are charged the 100 percent in the  
20 first column?   Because the second column says, if it is  
21 ordering semi-mechanized or semi-mechanical or however you  
22 want to indicate it, there's reduction in the cost from  
23 the 100 percent.   And that was stated that was because the  
24 GUI system would allow to use that; is that correct?

25          A.       That is correct.

0367

1           Q.       Okay.  If we go down through these columns,  
2   through all these, and you said these are all the  
3   nonrecurring charges --

4           A.       Yes.

5           Q.       -- correct?

6           A.       Uh-huh.

7           Q.       So if we take a look, we see that the  
8   unbundled dark fiber on page 2 of that is one area where  
9   there's no reduction in that cost, so that tells me it's  
10  not available to do it through the GUI system?

11          A.       That would be correct.

12          Q.       Okay.  As we continue down page 2, part of  
13  page 3, we come down to the hot cut coordinated  
14  conversions.  There's one there that has no reductions, so  
15  that also tells me that it's not available?

16          A.       That's correct.

17          Q.       Expedites and other CLEC account  
18  establishments, things of that nature, it seems like  
19  there's only one, two, three, four areas in all this that  
20  the GUI system would not handle today; is that correct?

21          A.       That's the way it -- it would be applied,  
22  correct.

23                   MR. HENDERSON:  Okay.  Thank you.

24                   JUDGE JONES:  Is there any recross,  
25  Mr. Magness?

0368

1 MR. MAGNESS: No.

2 JUDGE JONES: And redirect.

3 MR. HARTLEY: Hopefully briefly, your  
4 Honor.

5 REDIRECT EXAMINATION BY MR. HARTLEY:

6 Q. Dr. Avera, I want to start with you.  
7 Mr. Magness asked you a series of questions about  
8 population growth in certain counties in Missouri. Do you  
9 recall that testimony?

10 (Answers by Dr. Avera.)

11 A. I do.

12 Q. He talked at length about St. Charles  
13 County. And you agreed, I think, that it's one of the  
14 fastest-growing counties in Missouri?

15 A. It is.

16 Q. Does CenturyTel serve the entirety of  
17 St. Charles County?

18 A. No, it does not.

19 Q. Which area does it serve?

20 A. I believe, as I remember the map, kind of  
21 the northwest portion. No. Yeah. I believe so.

22 Q. The northwest portion?

23 A. Yeah. That's the best I can remember as I  
24 sit here now.

25 Q. I understand. Based on your recollection,



1 where is St. Charles County experiencing the bulk of that  
2 fast growth?

3 A. I think a lot of the growth is along the  
4 main arterial highways, like I-70.

5 Q. Is that in CenturyTel territory or AT&T?

6 A. I believe that's in AT&T's territory.

7 Q. In response to several of Mr. Magness's  
8 questions, he was also asking, I think you said  
9 CenturyTel's in the worst of both worlds in one sense,  
10 with the fast growing, the competition may not be CLECs  
11 coming and using your access lines. Do you recall that?

12 A. That's correct.

13 Q. Have you -- do you have any idea with  
14 respect to these fast-growing areas we talked about in  
15 Mr. Magness's cross, St. Charles, O'Fallon and Branson,  
16 what's happening empirically?

17 A. Yes. CenturyTel is losing access lines,  
18 because even though population growth is going up, the  
19 number of access lines that Century is serving in those  
20 areas, and that would include Columbia as well, are going  
21 down, because customers are defecting to wireless and  
22 other modes of communication.

23 Q. Do you know whether that loss in access  
24 lines is primarily due to facilities-based or UNE-based  
25 CLEC competition versus intramodal alternatives like cable

0370

1 companies or wireless?

2 A. My understanding is predominantly  
3 intermodal. Very little of it -- it's consistent with the  
4 numbers I presented and Mr. Martinez and Mr. Miller and  
5 others present of the low level of CLEC activity in  
6 CenturyTel's area.

7 So what's happening is competition is  
8 there, and it's growing. CenturyTel is experiencing that  
9 throughout its service area, as it mentions in it's Form  
10 10K as quoted by I believe Mr. Kohly, but the kind of  
11 competition it's experiencing is not CLECs using  
12 CenturyTel's facilities. It is competitors using other  
13 modes to provide competitive services.

14 Q. Thank you, Dr. Avera.

15 Mr. Buchan, just a few questions. In  
16 response to several of Ms. Dietrich's inquiries, she  
17 focused on fill factor and a fiber cost where you noticed  
18 that there was an input error in your cost study. Do you  
19 recall that testimony?

20 (Answers by Mr. Buchan.)

21 A. Yes.

22 Q. With respect to the fill factor change, if  
23 you inputted the fill factor that should have been in  
24 there, what impact would that have on the ultimate DS1/DS3  
25 recurring rate?

0371

1           A.       It would have the effect of increasing the  
2 rates.

3           Q.       With respect to the fiber cost, if you put  
4 in the number that should have initially been in there,  
5 what impact would that have on the ultimate rate being  
6 proposed?

7           A.       That, too, would increase the rates.

8           Q.       Is CenturyTel at this time proposing rates  
9 above what the cost models resulted in?

10          A.       No, not at this time.

11                   MR. HARTLEY: Thank you, your Honor. I  
12 think we have brief redirect on one of the other issues  
13 that's not my responsibility.

14 REDIRECT EXAMINATION BY MR. HILL:

15          Q.       Ms. Hankins, following up on one of  
16 Ms. Dietrich's questions about the electronic service  
17 order charge for UNE conversions, do you have any idea  
18 where Socket's proposed \$3.92 charge comes from?

19                   (Answers by Ms. Hankins.)

20          A.       Yes. I believe that was a service charge  
21 for -- I can't remember what it was, but it was a --

22          Q.       Do you know what proceeding it came from?

23          A.       No.

24          Q.       Do you have any understanding -- okay.

25                   The process that CenturyTel uses to process

1     UNE conversions, do you know about how long it would take  
2     to process such an order?

3             A.       Yes, I did check into it, and I was told  
4     that it takes about six hours, actually touching the order  
5     to take that -- to go through the whole process.

6             Q.       So it's six hours of labor time --

7             A.       Yes.

8             Q.       -- required to complete the order?

9             MR. HILL:  Nothing further.

10            JUDGE JONES:  Okay.  Well, it looks look  
11   we've finished up what should have been yesterday  
12   afternoon.  So we're about a half a day behind.  So let's  
13   keep moving along and move on to Socket's witnesses on OSS  
14   ordering provisions and maintenance.

15                    So we can make sure we're all on the same  
16   page, what articles -- well, we have OSS.  That's Article  
17   13.  What articles are ordering provisioning and  
18   maintenance covering, does anybody know?

19            MR. MAGNESS:  There are --

20            JUDGE JONES:  Definitions --

21            MR. MAGNESS:  There are portions in UNEs.

22   8 and 9 -- 7, 8 and 9, I guess.  I'm sorry.  8 and 9.  I'm  
23   sorry.  Yes, sir.

24            JUDGE JONES:  8 and 9?

25            MR. MAGNESS:  And performance measures is

0373

1 15.

2 MR. HILL: OSS is 13, ordering and  
3 provisioning is 8, and maintenance is 9.

4 JUDGE JONES: Okay. I see two new  
5 witnesses Bruemmer and Cadieux. Mr. Cadieux, will you  
6 raise your right hand, please. Mr. Bremer, will you raise  
7 your right hand.

8 (Witnesses sworn.)

9 JUDGE JONES: Thank you. You may be  
10 seated. And I remind Mr. Turner and Mr. Kohly that you  
11 remain under oath.

12 You may proceed with I guess offering your  
13 direct testimony.

14 MR. MAGNESS: Thank you, your Honor. I may  
15 have mentioned PMs. We're doing OSS, ordering and  
16 provisioning now.

17 In any event, the OSS issue, as I think has  
18 already been made clear through the hearing thus far, is  
19 one of the more contentious and controversial ones, and  
20 one which is brought to you because it is of such critical  
21 importance to Socket, and actually to CLEC competition in  
22 the CenturyTel region generally.

23 I think that the last exchange with  
24 Dr. Avera was very telling, in that is it CLECs who are  
25 causing CenturyTel competitive pressure in its areas? The

1 answer was no. And one of the reasons that is the case is  
2 that it is very difficult to operate efficiently without  
3 an efficient and functional operational support system for  
4 your ordering and provisioning functions.

5                   CenturyTel has pro-- I'm sorry. Socket has  
6 provided substantial testimony concerning actual real life  
7 problems that it has had. In addition, Mr. Cadieux is  
8 actually an employee of NuVox Communications, a company  
9 which, contrary to Dr. Avera's contentions, would actually  
10 like to enter the CenturyTel territories that are growing  
11 so quickly and provide competitive services using its  
12 facilities and primarily the loop and transport facilities  
13 of CenturyTel.

14                   CenturyTel testimony on this is primarily  
15 about how much it would cost and how hard it would be for  
16 them to change the system. CenturyTel can perform when it  
17 wants to. I think this litigation is testimony to that.  
18 A lot of resources can be thrown at something very quickly  
19 if it appears it's important enough. They have been  
20 thrown at this arbitration, as is clear from the four  
21 tables of witnesses in this last panel.

22                   Unfortunately, most of the resources  
23 concerning OSS were not thrown at this until arbitration  
24 began. Socket was asking for an improved OSS in its  
25 negotiations. When it was requested in the arbitration

1 petition -- up until the time it was requested in the  
2 arbitration petition, the answer was absolutely not.  
3 There has been as the litigation has proceeded a  
4 significant amount of progress on these issues, and we  
5 appreciate CenturyTel's cooperation in getting there since  
6 the litigation started.

7                   Ordering intervals, for example, are a very  
8 important issue, and the parties have spent a lot of time  
9 in here together working those out. It's one of those  
10 things, we know that it can be done. We know that if  
11 CenturyTel puts its mind to it, those kind of resources  
12 can be put forward and solutions can come out of the  
13 negotiation process.

14                   We ask that when the Commission considers  
15 the testimony concerning the burdens that Socket is, as  
16 CenturyTel says, constantly says demanding that the  
17 Commission impose on CenturyTel, remember that nearly  
18 everything appears to be a tremendous burden to  
19 CenturyTel. And I think it should cause some suspicion in  
20 the Commission about the credibility of some or all of  
21 their claims.

22                   For example, in the testimony of I believe  
23 Ms. Pam Hankins in direct testimony, there's an issue  
24 concerning accessible letters. That is, SBC typically has  
25 had a system where -- it's just an e-mail notification

1 system for things that affect CLEC business. It was an  
2 issue Ms. Dietrich was discussing in a related issue with  
3 Mr. Miller yesterday.

4 And an accessible letter is essentially a  
5 PDF or a Word file, a letter attached to an e-mail. And  
6 Socket asked to have something similar when there are  
7 issues affecting its business and its relationship with  
8 CenturyTel. From the testimony yesterday, CenturyTel  
9 says, go to the website.

10 In supporting its position CenturyTel  
11 testifies that it should not be required to provide  
12 accessible letter notification for the reasons stated;  
13 however, should the Commission require it to do so,  
14 CenturyTel should not have to bear the administrative  
15 burden of notifying ten parties within Socket's  
16 organization. Remember, we're talking about ten e-mails.

17 The incremental cost of adding another name  
18 to an e-mail just can't be all that significant, and yet  
19 CenturyTel testifies that CenturyTel does not have this  
20 process in place. To implement this process, CenturyTel  
21 would have to modify its current processes and appoint or  
22 hire someone to be responsible for administering this  
23 process.

24 CenturyTel further testifies that it would  
25 be an administrative nightmare to do such a thing. I work



1 in a law firm of six attorneys. I have distribution lists  
2 that I deal with every day that probably include more  
3 names than the number of CLECs operating in CenturyTel  
4 territory in Missouri.

5               So every single thing that's disputed,  
6 there's a claim that it's going to cost an enormous amount  
7 of money, it's going to be extremely burdensome, even when  
8 we're talking about things as simple as keeping an e-mail  
9 list that you can send important information out on,  
10 adding a few names. Why does it cost more to send an  
11 e-mail to five or ten people at Socket than it does to  
12 send it to one representative? There is an incremental  
13 cost to typing a new e-mail address, but once  
14 you have the list in Outlook, it's really pretty simple.

15               I mentioned this example because, as you  
16 consider the larger issues concerning the administrative  
17 burdens, that's an important thing to keep in mind, that  
18 it seems like everything is an outrageous administrative  
19 burden to this company. And as you consider the nature of  
20 those burdens, we request that you also consider what the  
21 federal rules are and what the statute provides.

22               This is laid out in detail in testimony,  
23 it's in the DPL, but I particularly want to reference to  
24 the Local Competition Order, paragraph 316, which is  
25 referenced in our DPL, where the FCC said in 1996 that

1 incumbent LECs must provide carriers purchasing access to  
2 unbundled network elements with the preordering, ordering,  
3 provisioning, maintenance and repair and billing functions  
4 of the incumbent LEC's operation support systems.

5           Moreover, the incumbent must provide access  
6 to these functions under the same terms and conditions  
7 that they provide these services to themselves or their  
8 customers. The provision of a workable OSS preordering,  
9 ordering, maintenance has been critical since the Act  
10 passed, and these functions remain critically important  
11 because the CLEC simply can't move forward if it can't get  
12 its orders filled.

13           Socket has documented problems it has had  
14 with the current system. Socket has documented that there  
15 certainly seemed to be an expectation that when CenturyTel  
16 took over these territories from GTE, that there would be  
17 improvements in this process beyond where we got after the  
18 first couple months of that merger, that there were  
19 commitments CenturyTel was making to keep operating the  
20 way GTE did, and GTE had systems in place that were much,  
21 much superior to this one.

22           If these -- if there are not improvements  
23 in the operational support systems, it's going to be a  
24 self-fulfilling prophecy that not many more CLECs are  
25 going to try to compete in areas that are becoming

1 increasingly attractive for offering, particularly small  
2 businesses in Missouri, additional competitive  
3 alternatives.

4 Dr. Avera talks about cable competition. I  
5 think as the Commission is aware, there is a lot of  
6 residential competition being engendered by cable, and  
7 that's a good thing. The small business market typically  
8 is not served as ubiquitously, as thoroughly by the cable  
9 providers. NuVox, Socket, XO, UNE-based, facilities-based  
10 carriers are serving that market and creating competition  
11 there. And if it is that difficult for them to enter and  
12 actually fulfil their orders, it's not going to make sense  
13 for them to move into those markets.

14 We think there's a lot at stake in the  
15 issue, and we know there's a lot that's been said about it  
16 and will be, but it is one that is critical to Socket and  
17 competition generally.

18 JUDGE JONES: Thank you. Now we'll have  
19 opening statement from CenturyTel. You may proceed.

20 MR. BROWN: Thank you, your Honor, Staff,  
21 counsel. This is David Brown for CenturyTel.

22 We're not coming here today suggesting that  
23 CenturyTel did not have issues to deal with in terms of  
24 its administration or its handling of CLECs, and perhaps  
25 even Socket in particular. I will say that with the very

0380

1 large job of operating a rural ILEC in territory scattered  
2 across the country that has myriad small customers for the  
3 most part and myriad small wholesale customers in the way  
4 of CLECs, who are largely ISPs, not every kink gets worked  
5 out.

6                   The evidence is going to show, however,  
7 that Socket exaggerates the issues. The record will also  
8 show that Socket minimizes the difficulties that are  
9 associated with the administration of wholesale issues.  
10 Until yesterday, perhaps most importantly, when Mr. Turner  
11 conceded the point on cross-examination, Socket blew off  
12 the other half of the equation, and we'll get to that in a  
13 few moments.

14                   Socket offers an AT&T-style accessed OSS  
15 provision. That's what their Article 13 is. You might  
16 think based upon Mr. Kohly's testimony that OSS is one of  
17 those things that CenturyTel just refused to negotiate.  
18 In essence, what Mr. Kohly testifies is that CenturyTel  
19 stonewalled, and so you have no choice but to take AT&T's  
20 OSS as CenturyTel's and to require that to be provisioned.

21                   The evidence shows that that's not true at  
22 all, that, in fact, you know, while we're not suggesting  
23 again that there weren't things that could have been  
24 handled better in the negotiations or in that process  
25 overall, the blame is not solely CenturyTel's.

1                   The real history is really quite different  
2   than Mr. Kohly presents it. The evidence is going to show  
3   that initially CenturyTel offered its template agreement,  
4   the one that it uses in the other 21 states. There are  
5   actually only four states where CenturyTel has wholesale  
6   customers, of UNEs and the like.

7                   Socket never marked it up, never sent it  
8   back with markings that would suggest that they wanted  
9   changes to that provision. Whether or not they ever  
10  mentioned that they wanted electronic OSS or not in oral  
11  conversations, they certainly never sent anything back in  
12  the way of, here's what we'd like you to change in your  
13  agreement to accommodate our wishes.

14                  Instead, in December, about a month before  
15  the arbitration was filed, Socket sent over what you have  
16  before you from them, their Article 13, which contains  
17  literally foreign language to CenturyTel. It mentions  
18  systems and processes that are not part of CenturyTel  
19  system. That's not surprising, because it was adapted  
20  from a system that -- or from an Article 13, an OSS access  
21  appendix that was part of the AT&T agreement here in  
22  Missouri.

23                  CenturyTel is not AT&T. And we'll discuss  
24  that some more, too. While this Article 13 that Socket  
25  proposed was overhanging the negotiations, the parties

1 nevertheless negotiated intensely for most of the period  
2 of this arbitration. That's one of the things that's been  
3 sort of an extra layer of work that everybody's been  
4 doing. And what you'll find in a review of the various  
5 DPLs is that many, many issues were settled, including  
6 many different appendices or articles that have OSS  
7 functions or access to OSS functions incorporated within  
8 them. Much of that language has been settled.

9                   And we can go through them. Article 5 has  
10 provisions. Articles 6, 8, 9 and 18 all have OSS-oriented  
11 functions that have been negotiated, and many of them  
12 agreed. But Socket still criticized at the end  
13 CenturyTel's lack of an alternative to their Article 13.

14                   I have to tell you that Socket and  
15 CenturyTel negotiated OSS or access to OSS until the 11th  
16 hour, all of the way through the proceeding, all the way  
17 up literally to the day before rebuttal was filed. And,  
18 in fact, some aspects of the related performance measures  
19 sections were negotiated and continue to be negotiated all  
20 the way through virtually the beginning of trial.

21                   We have offered in our rebuttal and we  
22 provided to Socket just before filing rebuttal an  
23 alternative Article 13 to address their criticism that we  
24 had not provided any language. Obviously we provided  
25 language in the context of other articles, and we

0383

1 certainly discussed and negotiated and whittled away at  
2 those issues.

3 But we provided them with a new  
4 Article 13 which we provided you. It provides for  
5 improvements and definition of the process such that, like  
6 other things that have occurred in this case, Socket can  
7 be assured that it will receive a level of performance  
8 that is much more definite.

9 That Article 13 dovetails with the  
10 Article 15 performance measures and intervals that we have  
11 proposed, and which we would urge the Commission to adopt.  
12 It has agreed intervals for many functions; that is, the  
13 time for CenturyTel to provide its level of ser-- to  
14 provide service to Socket. And it offers both  
15 performance measures and remedies in the event that  
16 CenturyTel has a chronic failure to perform under the  
17 contract as it's required to.

18 Now, again, it is true that there are some  
19 CenturyTel processes that are manual. There's no question  
20 about that, or at least some processes that have manual  
21 elements to them. Those things include things like the  
22 customer service record returns, where if Socket asks for  
23 a customer service record, there is an element of a manual  
24 process associated with the return of that record.

25 It is also true that some aspects of the

0384

1 local service request orders process has manual systems  
2 involved, particularly where CenturyTel receives the order  
3 from the -- through web GUI, the web-based graphical user  
4 interface from Socket or any other CLEC. There is service  
5 rep time in typing the order into the system. The process  
6 is not so different for them than for us; that is, the  
7 order gets typed into the system one way or the other,  
8 whether it's our customers calling in or it's CenturyTel  
9 calling in or sending its information over the web GUI.

10 Historically, timing has been an issue  
11 there because CenturyTel would take -- had an agreed  
12 interval, again, for the time it took to put the order  
13 into the system, and that could take up to 48 hours.  
14 Because of Socket's concerns about that interval in  
15 particular, we have first taken measures to reduce that  
16 interval, just on our own unilaterally. But over and  
17 above that, we've taken that interval completely out of  
18 the ordering process for them. While it still occurs,  
19 it's our problem.

20 The interval for them is actually shorter  
21 for the provisioning of most services than it is for  
22 CenturyTel, the agreed interval, and this includes any  
23 time that we take to put the order into the system.

24 Now, every OSS of every company, large or  
25 small, has some elements that are manual. Remember that



1 OSS includes preordering, ordering, provisioning,  
2 maintenance, repair and billing. In that spectrum of  
3 different functions, there are parts that are manual for  
4 everyone.

5               Some companies across the country have more  
6 and some have less manual systems, and the FCC has  
7 recognized that there is a spectrum of capabilities that  
8 have to be unbundled. Most functions, virtually every  
9 function is performed for Socket today or under the  
10 agreement that is processed exactly the same as it is for  
11 CenturyTel and we'll bring you witnesses who can testify  
12 about the process flows, what we're going to explain to  
13 you exactly where there are differences or not  
14 differences.

15               Now, again, we've learned a lot about the  
16 processes in the course of the negotiations with Socket.  
17 We've -- we have for purposes of preparing for that  
18 negotiation engaged in a top-to-bottom examination of the  
19 OSS access that we provide and other processes that are  
20 part of that.

21               In summary, I'd say that the evidence will  
22 show that at each point that you find in the record that a  
23 Socket witness complains about a process, and several  
24 others that they didn't complain about, the few that could  
25 be identified as not done identically for Socket as they

1 are for CenturyTel have been dealt with in one of two  
2 ways.

3 First, CenturyTel has either adapted its  
4 processes to provide exactly the same level of service  
5 that it gives itself or its customers. or second, we've  
6 agreed to a provisioning interval that takes how we do the  
7 task out of the equation.

8 We've agreed, for instance, on six-hour  
9 turnaround on customer service records, whether we -- in  
10 that six hours, we're required to do everything that is  
11 required to get back the information to them. These  
12 intervals are a proxy for identical treatment, and there's  
13 a reason for that. It's at a level of service that Socket  
14 has said is acceptable to them, and again, many of these  
15 intervals are actually faster for Socket than they are for  
16 CenturyTel, particularly in the case of complex orders.

17 There's no doubt that CenturyTel and AT&T  
18 are different entities. There's a lot of testimony about  
19 that already, and there's been a lot of cross-examination  
20 and discussion about how the companies differ in terms of  
21 their service of customer categories and the like.

22 We're not disputing that CenturyTel is a  
23 well-run, financially stable company. We're not  
24 suggesting that it doesn't have resources. We're  
25 suggesting that it, like every other rural ILEC, faces

1 significant pressures, both economically and --  
2 CenturyTel, like most other telephone companies, has had  
3 to lay off people recently, but they're just not a Bell  
4 operating company. Their cost structure is driven by  
5 company-specific factors that it experiences and that Bell  
6 does not.

7                   CenturyTel has taken on a collection of  
8 rural properties across the country and began as one rural  
9 property, and over the years has grown to be a rural  
10 property in 22 states. Presumably these properties were  
11 sold in Missouri and other places because the company that  
12 owned them thought they couldn't make a large enough  
13 profit on them. There would be little other reason to  
14 sell them.

15                   CenturyTel today extends quality service to  
16 those people, mostly people about whom Socket doesn't  
17 really care. Socket, in fact, will be happy to sell them  
18 dial-up Internet access, but that's about all they're  
19 interested in, or they'd be interested in selling in  
20 Columbia, for instance, their \$400 packages, but that's  
21 not the people -- those are not the people CenturyTel  
22 provides service to for the most part.

23                   And it's an indisputable fact that  
24 CenturyTel serves all tier wire centers. There have been  
25 thousands of pages of orders filed at the FCC and other

1 places, including Missouri, I'm sure, that deal with the  
2 fact that there are challenges that face rural ILECs,  
3 based upon their costs and customer demographics.

4                 Socket says that's irrelevant, doesn't  
5 matter. The FCC rules are clear, and generally we agree  
6 with that. We're not seeking anything here that the FCC  
7 has not authorized. Socket says that it wants into the  
8 market. Socket says it wants to obtain interconnection  
9 from CenturyTel. Socket says that it wants access to  
10 CenturyTel's network elements, says they're entitled to  
11 the unbundled access to OSS, says that it's entitled to  
12 interconnection at any technically feasible point. That  
13 was a subject of yesterday's panel. What they failed to  
14 admit or even acknowledge is that they have an obligation  
15 under 252(d)(1) to pay for it.

16                 Now, on the POI issue, I'm not going to go  
17 through that. That's subject to another panel. But  
18 they're not interested in paying the cost of running the  
19 calls. And I'd point you to the FCC's First Report and  
20 Order, which seems to be the subject of not just a lot of  
21 argument, but a lot of testimony, perhaps improperly, that  
22 it is certainly appropriate for Socket to ask for more  
23 than he's getting, and even more than he's authorized to  
24 get in the course of a negotiation.

25                 But I'd point you to the language in the

1 First Report and Order that says, in effect, that if a  
2 carrier asks for access that is technically feasible but  
3 expensive, that it has to pay for it. All things can be  
4 done with enough money, I think was some of the testimony  
5 yesterday, but if you have enough money to throw at  
6 something, you can provide a system.

7               The problem is Socket will not even  
8 acknowledge its obligation to pay for whatever it obtains  
9 in the way of OSS. Instead Socket, I think they just  
10 mentioned in the opening as well, tries to suggest that  
11 there were commitments made in the context of either the  
12 Spectra acquisition or the CenturyTel of Missouri  
13 acquisition of Verizon assets that -- to the effect that  
14 CenturyTel was going to install a full electronic access  
15 to OSS on a real-time basis of the kind that SBC has.

16              We're going to ask you at the appropriate  
17 time to take official notice of certain aspects, certain  
18 orders and stipulations and so on in that record which  
19 show you very clearly that that's simply not what  
20 happened. Instead, CenturyTel committed to providing the  
21 web GUI and, in fact, provided a web GUI.

22              In the end, after you've weighed all of the  
23 factors, including the extraordinary cost of deploying the  
24 electronic OSS and its effect on not just CenturyTel but  
25 on CLECs who must pay for it, we're going to ask that you

0390

1 adopt our Article 13 and not CenturyTel's -- or not  
2 Socket's Article 13.

3 JUDGE JONES: Okay. Before we present the  
4 witnesses, there are a couple of things in both your-all's  
5 opening statements I noticed, complaints about whose fault  
6 it was that you couldn't get along. Don't start whining  
7 about that. It's completely irrelevant. I don't care why  
8 you didn't settle, what you didn't settle. We just have  
9 to settle what you didn't settle. That's it.

10 Who didn't get Data Requests and who had  
11 only a weekend to look at it doesn't matter, so don't do  
12 any cross or any redirect or anything like that concerning  
13 those issues, because I won't hear an objection. I'll  
14 just say, stop, I don't want to hear that. Okay?

15 All right. Let's move on to the exhibits  
16 for these witnesses, at least two of the four, I suppose.  
17 Proceed.

18 EDWARD J. CADIEUX, KURT BRUEMMER, STEVEN TURNER AND  
19 R. MATTHEW KOHLY testified as follows:

20 DIRECT EXAMINATION BY MR. MAGNESS:

21 Q. Start with Mr. Cadieux. Would you please  
22 state your name and business address for the record.

23 (Answers by Mr. Cadieux.)

24 A. Edward J. Cadieux, 16090 Swingley Ridge  
25 Road, Suite 450, Chesterfield, Missouri 63017.

0391

1           Q.       And, Mr. Cadieux, by whom are you employed  
2   and in what capacity?

3           A.       I'm employed by NuVox Communications as  
4   their senior regulatory counsel, vice president of  
5   regulatory affairs.

6           Q.       Mr. Cadieux, did you cause to be filed in  
7   this docket rebuttal testimony of Edward J. Cadieux on  
8   behalf of Socket Telecom, LLC?

9           A.       I did.

10          Q.       Do you have any changes or corrections to  
11   your prefiled rebuttal testimony?

12          A.       None that I'm aware of.

13          Q.       If I asked you the same questions that are  
14   asked in your rebuttal testimony, would your answers be  
15   the same?

16          A.       Yes, they would.

17                   MR. MAGNESS: We would move admission of  
18   Mr. Cadieux's testimony.

19                   JUDGE JONES: I believe that will be  
20   Exhibit 14. Exhibit 14 is admitted into the record.

21                   (EXHIBIT NO. 14 WAS MARKED FOR  
22   IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
23   EVIDENCE.)

24   BY MR. MAGNESS:

25          Q.       Good morning, Mr. Bremer.

1 (Answers by Mr. Bremer.)

2 A. Good morning.

3 Q. Would you please state your name and  
4 business address for the record.

5 A. My name is Kurt Bremer. My business  
6 address is 1005 Cherry Street, Suite 104, Columbia,  
7 Missouri 65201.

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

10 A. I'm employed by Socket Holdings Corporation  
11 as the director of operations.

12 Q. Mr. Bremer, did you cause to be filed in  
13 this testimony the direct testimony of Kurt Bremer on  
14 behalf of Socket Telecom, LLC?

15 A. Yes, I did.

16 Q. And do you have any corrections or changes  
17 to that testimony?

18 A. Yes, I have one change I'd like to make.

19 Q. And would you please let us know where that  
20 is?

21 A. On page 12, lines 13 and 14, there were two  
22 instances where I made the statement of 48 business hour  
23 instead of 48 hour. So the word business should be taken  
24 out of there.

25 Q. So line 13 and 14?



0393

1           A.       Yes, sir.

2           Q.       Those 48 business hour days are killers.

3   With that, if I asked you the same questions that you  
4   answer in your direct testimony, would your answers be the  
5   same today?

6           A.       Yes, they would.

7           Q.       And did you cause to be filed rebuttal  
8   testimony of Kurt Bremer on behalf of Socket Telecom, LLC?

9           A.       Yes, I did.

10          Q.       And do you have any changes or corrections  
11   to your rebuttal testimony?

12          A.       No, I do not.

13          Q.       If I ask you the same questions that are  
14   asked and answered in that testimony, would your answers  
15   be the same today?

16          A.       Yes, they would.

17                   MR. MAGNESS: We would move the admission  
18   of Mr. Bremer's direct testimony and rebuttal testimony.

19                   JUDGE JONES: Exhibits 15 and 16 are  
20   admitted into the record.

21                   (EXHIBIT NOS. 15 AND 16 WERE MARKED FOR  
22   IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
23   EVIDENCE.)

24                   MR. MAGNESS: Thank you, your Honor. We  
25   tender the witnesses for cross.

1 JUDGE JONES: You know what, I anticipate a  
2 fairly long cross-examination. Well, this may be a good  
3 time to go ahead and break so that we don't have to  
4 interrupt that cross and take an early lunch and return at  
5 a quarter to one.

6 (A BREAK WAS TAKEN.)

7 JUDGE JONES: Okay. Ready?

8 MR. BROWN: Thank you, your Honor.

9 JUDGE JONES: We're back on the record in  
10 Case No. TO-2006-0299, continuing with the  
11 cross-examination of CenturyTel's witnesses.

12 MR. BROWN: Thank you, your Honor.

13 CROSS-EXAMINATION BY MR. BROWN:

14 Q. Mr. Kohly, Mr. Magness suggested in opening  
15 that entry into CenturyTel's territory was being impeded  
16 by the lack of electronic real-time OSS like you've  
17 suggested; isn't that right?

18 (Answers by Mr. Kohly.)

19 A. Yes.

20 Q. Now, Socket operates in various Missouri  
21 markets, doesn't it?

22 A. Yes, it does.

23 Q. In fact, you operate in some of the new  
24 AT&T markets?

25 A. Yes.

0395

1 Q. And you operate in some Sprint markets?

2 A. Yes, we do.

3 Q. And both Sprint and AT&T have what you  
4 would call state-of-the-art OSS access, don't they?

5 A. They have the access to basic similar to  
6 what we're seeking. I don't know what you mean by state  
7 of the art.

8 Q. You would agree, wouldn't you, that even in  
9 those markets where the OSS is as robust as one might  
10 expect it to be for companies of that size, that even in  
11 those places CLEC access lines are going down?

12 A. I have not looked at Sprint territory, so I  
13 don't know that I would agree with that.

14 Q. What you're saying is you don't know for  
15 Sprint?

16 A. Let me ask you to restate your question.

17 Q. Okay. Let me break it down. Are  
18 CLEC-provided access lines, non-facilities-based CLEC  
19 access lines going down in SBC's territory?

20 A. Yes, they are. I think a lot of that's a  
21 result of the UNE-P going away, and they're reverting back  
22 to the ILECs. I would hesitate to say across the board in  
23 every market segment it would be going down. Certainly  
24 where you had UNE-P and that's being phased out, that is a  
25 drop. That's why I can't say that with Sprint because

1 Sprint did not have a large degree of UNE-P that I'm aware  
2 of.

3 Q. Your answer is yes, access lines for  
4 non-facilities-based CLECs is going down in SBC or AT&T's  
5 territory?

6 A. Yes.

7 Q. Now, a lot of your rebuttal is devoted to a  
8 discussion of OSS unbundling; isn't that right?

9 A. Yes.

10 Q. And you discuss the various terms and  
11 statements that the FCC has made on OSS unbundling?

12 A. Yes, in the First Report and Order.

13 Q. And in particular access to OSS?

14 A. Yes.

15 Q. I'd like you to turn to your rebuttal at  
16 page 98. I think that's Exhibit 2. Just let me know when  
17 you get there.

18 A. I am there.

19 Q. Do you see on line 16 where you say that  
20 the unbundling and nondiscrimination requirements for OSS  
21 are absolute?

22 A. Yes.

23 Q. Would you also agree that the Section 252  
24 pricing obligations are absolute?

25 A. No, I would not.

1           Q.       I'd like you to turn to page 99. Look at  
2 Footnote 119.

3           A.       Okay.

4           Q.       And that's part of your discussion about  
5 parity, isn't it?

6           A.       Yes.

7           Q.       Isn't it true that CenturyTel has agreed to  
8 an interval for the return of CSRs at six business hours?

9           A.       Yes.

10          Q.       And isn't it true that CenturyTel has  
11 agreed that the order entry time, whatever CenturyTel  
12 might require in entering orders, would not affect the  
13 provisioning intervals?

14          A.       That is correct. However, my footnote is  
15 speaking to parity, and I would say the six business hours  
16 compared to instant access is not parity and we do not  
17 agree to those as being parity.

18                 MR. BROWN: Your Honor, I'd ask that the  
19 witness be required to answer the questions, and if his  
20 counsel wants to redirect him on these things, he's  
21 certainly welcome to do that.

22                 JUDGE JONES: You say questions, all the  
23 questions you're asking him or what? Do you have a  
24 problem with his response to this particular question?

25                 MR. BROWN: This particular question I'd

0398

1 move to strike the nonresponsive.

2 JUDGE JONES: What was your question again?

3 MR. BROWN: My question was whether

4 CenturyTel had agreed that the order entry time would not  
5 be a part of the provisioning interval.

6 JUDGE JONES: The motion to strike is  
7 granted. It sounds like a yes or no question. Isn't it?

8 MR. BROWN: Yes, your Honor.

9 MR. MAGNESS: Your Honor, could we maybe  
10 read it back? I think there might have been some sort of  
11 follow-up. I'm not positive.

12 JUDGE JONES: That's fine. What was the  
13 response?

14 THE REPORTER: "Question: And isn't it  
15 true that CenturyTel has agreed that the order entry time,  
16 whatever CenturyTel might require in entering orders,  
17 would not affect the provisioning intervals?"

18 "Answer: That is correct. However, my  
19 footnote is speaking to parity, and I would say the six  
20 business hours compared to instant access is not parity  
21 and we do not agree to those as being parity."

22 JUDGE JONES: Deal with it on redirect.

23 MR. MAGNESS: Okay.

24 JUDGE JONES: You can move on, Mr. Brown.

25 MR. BROWN: I will, your Honor.

1 BY MR. BROWN:

2 Q. I'd like you to turn to page 107 of your  
3 rebuttal.

4 A. Okay.

5 Q. You testify at line 11 that CenturyTel  
6 should first be required to demonstrate that it actually  
7 incurs the cost of implementing electronic OSS before any  
8 reimbursement should be considered; is that right?

9 A. Yes.

10 Q. And is that your position on other costs as  
11 well?

12 A. We're -- yes, in general.

13 Q. Do you think that TELRIC should recover  
14 actual costs?

15 A. No. TELRIC should be based upon a cost  
16 study. The contract language I proposed had a provision  
17 in there that would allow cost recovery for OSS. I  
18 shouldn't say that I proposed. That Socket proposed.  
19 We're only seeking to have the system built to make sure  
20 it's fully functional and operational, and then have a  
21 cost study done on that system, if you will, before we  
22 begin paying for it.

23 Q. Let me ask you a couple questions about the  
24 nonrecurring charge additive that CenturyTel has proposed  
25 with respect to the -- your proposal under Article 1. You

0400

1 state on page 108 that you disagree with the imposition of  
2 the NRC nonrecurring charge additive for the OSS access;  
3 isn't that right?

4 A. Yes, for several reasons.

5 Q. And you suggest instead that there ought to  
6 be a monthly subscription fee at some point?

7 A. I suggest alternative ways of recovering  
8 it, or contract language suggests competitively neutral  
9 manner. There may be more efficient ways in a  
10 nonrecurring rate to recover it. High nonrecurring rates  
11 are a barrier to entry. So there are other methods that  
12 may need to be looked at.

13 Q. Would you agree, then, that a per UNE loop  
14 or a per resold line approach might be appropriate?

15 A. Are you saying a recurring-type charge or a  
16 nonrecurring?

17 Q. A recurring-type charge.

18 A. I'm saying it should be looked at. I'm not  
19 sitting here today saying it's the appropriate mechanism.  
20 It's certainly one that should be considered.

21 Q. But you haven't done any calculations about  
22 what the fee would be for one or another method, right?

23 A. No, I haven't.

24 Q. If the fee, one of the subscription fees or  
25 whatever you might be were associated with loops or resold



0401

1 lines and it was, say, \$50 a month, is that something that  
2 Socket would accept?

3 A. If the Commission were to determine that  
4 that rate element is appropriate and that assessing it in  
5 that manner was the most competitively neutral, we would  
6 have to, which is what our contract language provides. If  
7 you sit here today and say, will you take \$50, I don't  
8 agree with the cost study, I don't agree with the demand  
9 estimate it's calculated on, so I can't say yes or no to  
10 that question.

11 Q. Are you saying that \$50 a month charge  
12 would not have an effect on your ability to sell services  
13 using the methods that you've chosen?

14 A. Obviously the higher our costs, that will  
15 have to be taken into consideration. Obviously higher  
16 costs affect the ability to serve the market.

17 Q. Is there any cost which for the provision  
18 of the OSS that Socket could no longer offer services  
19 using those unbundled network elements?

20 A. I'm sure there are. It will differ by  
21 network element and by market time, but yes, there are.

22 Q. If instead of a per UNE or per resold line  
23 fee there was instead the monthly subscription fee that  
24 you've suggested, if the fee came in at, say, \$1,000 a  
25 month per CLEC, is that something that Socket could

1 accept?

2 A. Again, assuming that that was determined to  
3 be a reasonable recovery, the Commission decided -- found  
4 that that's the amount that should be recovered and that's  
5 the competitively neutral manner, we would have to accept  
6 it. Can I sit hear today and say we would agree to that?  
7 I cannot.

8 Q. Okay. What if it was \$10,000 a month?

9 A. Then you're obviously approaching a number  
10 we cannot justify.

11 Q. So if you get beyond 10,000, got to 20,000  
12 a month, you couldn't justify that either?

13 A. Probably not.

14 Q. And when we start talking about UNE loops  
15 or resale, if you started approaching \$100 a month per  
16 service, would it be too much to accept for the price of  
17 the OSS?

18 A. Let me understand. You're now suggesting a  
19 per element monthly subscription rate?

20 Q. Per element or resold line. I'm going back  
21 to the first scenario. There were two of them, the  
22 monthly subscription or the per UNE loop or resold line  
23 method. I'm going back to the first one. We had talked  
24 about a \$50 figure earlier.

25 A. Right.

1           Q.       Now I'm saying, well, at \$100 would that be  
2 too much? Would that reach that level where you wouldn't  
3 subscribe?

4           A.       I have not done that analysis.

5           Q.       But you would agree that there's a number  
6 somewhere that is too high?

7           A.       Yes.

8           Q.       Turning back to your rebuttal at page 94,  
9 are you there?

10          A.       Yes.

11          Q.       There you testify about the obligations  
12 imposed on ILECs under the unbundling obligation under  
13 251, right?

14          A.       Can you give me a line number, please?

15          Q.       Well, it's generally from line 18  
16 through -- and it continues for several pages.

17          A.       Can you restate your question?

18          Q.       Sure. I'm just asking you basically, as an  
19 introductory point, that you begin on page 94 a series of  
20 questions and answers relating to the obligations imposed  
21 on incumbent LECs under 251?

22          A.       I don't reference 251 specifically. I do  
23 begin the discussion on obligations.

24          Q.       But that's under the First Report and Order  
25 implementing Section 251, right?

1 A. Right.

2 Q. And I believe you state on -- again, on  
3 page 98 that those obligations for unbundling and  
4 nondiscrimination are absolute?

5 A. Yes.

6 Q. Are you suggesting there are no conditions  
7 on your obtaining access to, for instance, OSS under 251?

8 A. Certainly there are the 251(f) counts  
9 identified in the Telecom Act and the FCC rules that would  
10 be -- would be an exception.

11 Q. Well, would you agree that you're only  
12 entitled to obtain on an unbundled basis that which  
13 CenturyTel has?

14 A. Yes.

15 Q. And then only if you're willing to pay the  
16 prescribed rate for it?

17 A. I would disagree with that. There may be  
18 unique situations that would warrant that to not be the  
19 case.

20 Q. You're suggesting that there are  
21 circumstances in which you would not have to pay a  
22 252(d)(1) TELRIC rate for either interconnection or access  
23 to UNEs?

24 A. We would have to pay the rate set by the  
25 State Commission.

1           Q.       Okay. Take you back to 94 again, the  
2 beginning of this discussion. There you state in part,  
3 the electronic OSS is the means that Socket will use to  
4 obtain access to UNEs in resold services for the purpose  
5 of providing services to Socket's customers. Do you see  
6 that, on line 26 and 27?

7           A.       Yes.

8           Q.       And what you actually are looking for  
9 primarily is a preordering and ordering system; isn't that  
10 right?

11          A.       Well, the full functionality of an OSS,  
12 which would also include preordering, ordering,  
13 provisioning, including installation, maintenance and  
14 repair and billing.

15          Q.       But ultimately, regardless of the front end  
16 system that Socket subscribes to, it's going to be  
17 CenturyTel's obligation to actually provision and provide  
18 the services or facilities; isn't that right?

19          A.       Yes, unbundle their existing systems.

20          Q.       Okay. Well, not just their existing  
21 systems, but also whatever it is you're buying through  
22 those systems, right?

23          A.       Correct.

24          Q.       And you would agree, wouldn't you, that  
25 even at Verizon or AT&T, that there are some functions in

1 the OSS that are manual?

2 A. There could be. And where those are  
3 manual, we're not seeking to have those automated for us.

4 Q. You would agree that virtually any of the  
5 manual functions either at AT&T or CenturyTel, if there  
6 were enough money spent on it, could be automated?

7 A. Yes.

8 Q. Isn't the key to your request for access to  
9 OSS that you're looking for the ability to get these  
10 functions performed in a time that's suitable to you?

11 A. A time in parity with how CenturyTel would  
12 provide it to itself, so we can compete with CenturyTel on  
13 similar terms, is what we're looking for.

14 Q. But you also agree that if the function is  
15 provided, that CLECs, including Socket, should pay?

16 A. If the State Commission determines that's  
17 appropriate, yes.

18 Q. You would agree that one part of pricing  
19 under the standards of the Act as provided is dependent  
20 upon the demand for the units?

21 A. That generally goes into a cost study, yes.

22 Q. And what is the proposed term of the  
23 interconnection agreement?

24 A. Three years, and it has provisions for  
25 renewal or renegotiation.

1           Q.       You'd agree also that you've testified that  
2     during that three-year term, you don't anticipate either  
3     Socket or any other CLEC placing more than 150 orders per  
4     month with CenturyTel?

5           A.       For a similar service, I could see an  
6     example where you've got 100 number port orders, 15 orders  
7     for provision of T1, and if you move into residential, you  
8     may have another multiple of orders for that. You will  
9     not -- unless you really roll into the residential market,  
10    it will be difficult to provision 150 orders for the same  
11    function.

12          Q.       You testified in your rebuttal about the  
13    CenturyTel of Missouri and Spectra acquisitions; isn't  
14    that right?

15          A.       Well, in rebuttal I was focused on the  
16    CenturyTel/Verizon acquisition. I did discuss Spectra in  
17    my direct.

18          Q.       At page 106, beginning at line 18, you  
19    speculate that CLECs paid for the OSS access that they  
20    obtained from GTE; is that right?

21          A.       Point me to a line number.

22          Q.       Sure, line 18.

23          A.       Can you restate your question?

24          Q.       Sure. You say, presumably CLECs paid for  
25    Verizon to develop its OSS system; isn't that right?

0408

1           A.       Yes.

2           Q.       So you don't actually know whether that  
3 happened or not?

4           A.       There was not a monthly subscription fee to  
5 an OSS that I've seen in the agreement we operate under.  
6 I don't know what other states did for Verizon's cost  
7 recovery.

8           Q.       So you're not familiar with the FCC's  
9 Verizon Virginia cost order?

10          A.       There I believe they allowed some sort of  
11 cost recovery. I'm not that familiar with it. Mr. Turner  
12 was in that case and may have better knowledge.

13          Q.       In your direct you testify about the joint  
14 recommendation for approval of the transfer of the Verizon  
15 properties to Spectra; isn't that right?

16          A.       Again, can you give me a page number?

17          Q.       Sure.

18          A.       Actually, I found it.

19          Q.       I think it's at page 6, 5 and 6. All your  
20 testimony there is based upon the record in that case; is  
21 that right?

22          A.       Yes.

23          Q.       And you didn't participate in that case  
24 while you were at the PSC, did you?

25          A.       No, I did not.



1           Q.       And what you do there on page 6 is you  
2   quote an excerpt from the joint recommendation; is that  
3   right?

4           A.       In lines 4 through 9?

5           Q.       Yes.

6           A.       Yes.

7                   MR. BROWN: Your Honor, one way of  
8   shortening this, because I'm not interested in asking him  
9   a bunch of stuff about things that are already in the  
10   Commission's records, is we can suggest that the  
11   Commission take judicial notice of -- official notice of I  
12   think four different things, a total of four in two  
13   dockets.

14                   There may be much contest over this. I  
15   haven't talked to Mr. Magness about it, but I'll just read  
16   it into the record which ones we'd appreciate official  
17   notice being taken of. And we'll be happy to provide you  
18   with copies if you'd like us to pull them up and make  
19   copies, because some of them are fairly old.

20                   The first one is TM-2000-182, Spectra  
21   acquisition, the joint recommendation, January 6, 2000.  
22   The second would be TM-2000-182, same proceeding, the  
23   Report and Order dated April 4, 2000. The third item is  
24   TM-2002-232, the nonunanimous Stipulation & Agreement  
25   March 21, 2002. And then in that same proceeding,

0410

1 TM-2002-232, the Report and Order.

2 JUDGE JONES: Which companies are in 182  
3 and 232?

4 MR. BROWN: 182 is the older of the  
5 dockets, and that's Spectra. And the 2002-232 is  
6 CenturyTel of Missouri.

7 JUDGE JONES: I think we'll need the 182

8 MR. BROWN: We have copies.

9 JUDGE JONES: We have the Report and Order,  
10 but the document from June of 2002 -- 2000, describe that  
11 again. What is it?

12 MR. BROWN: It's the joint recommendation.

13 JUDGE JONES: We'll need that, but we have  
14 everything else. And we will take official notice of  
15 those documents.

16 BY MR. BROWN:

17 Q. You would agree that at the time of those  
18 two acquisitions that CenturyTel did not have in place a  
19 web-based graphical user interface, is that right, for  
20 CLEC use?

21 A. At the time of the second transaction, I  
22 believe the stipulation represents that they would make  
23 available an e-mail -- Internet e-mail-based ordering  
24 system.

25 Q. So as far as you know, there was not such a

0411

1 system at that time?

2 A. Correct.

3 Q. And obviously it's been installed later  
4 because you're now using it, right?

5 A. Correct.

6 Q. Socket is not a party to a GTE/AT&T-based  
7 ICA with Spectra, is it?

8 A. We have an interim agreement based loosely  
9 upon parts of that. Sitting here today, I can't remember  
10 which pieces it is. So if you want to bring that in, I'd  
11 like to see the document. We're certainly under the  
12 AT&T/GTE agreement with respect to CenturyTel of Missouri.

13 Q. Okay. The Spectra agreement that you now  
14 have is, what, this thick (indicating), maybe a quarter  
15 inch?

16 A. It has references in it, and that's what I  
17 cannot remember sitting here.

18 Q. Mr. Bruemmer, your rebuttal on page 9,  
19 line 12.

20 (Answers by Mr. Bruemmer.)

21 A. Okay.

22 Q. You reference a 48-hour delay at the  
23 beginning of each order?

24 A. Yes, I do.

25 Q. Under the new ICA that's been negotiated

0412

1 away; isn't that right?

2 A. I believe so.

3 Q. And, in fact, all the intervals for  
4 ordering and provisioning are now agreed?

5 A. I believe for the manual processes, yeah.

6 Q. And those agreements exclude any of the  
7 activities between the time the order comes in and the  
8 product is actually provisioned?

9 A. I believe that's the case, yes.

10 Q. Mr. Cadieux, good afternoon.

11 (Answers by Mr. Cadieux.)

12 A. Good afternoon.

13 Q. Mr. Cadieux, does NuVox have  
14 interconnection agreement in Missouri with CenturyTel?

15 A. No, it does not.

16 Q. Has NuVox ever asked to initiate  
17 negotiations with CenturyTel in Missouri?

18 A. We haven't. We considered doing it jointly  
19 with Socket, but for the reason I describe in my  
20 testimony, we did not initiate it on a parallel basis.

21 Q. But what you want is to take advantage of  
22 this arbitration and perhaps adopt whatever agreement that  
23 Socket obtains?

24 A. We certainly would like to consider opting  
25 in, taking advantage of the 252(i) rights, depending on

0413

1 the terms and rates in the agreement, yes.

2 Q. Mr. Kohly, Socket has actually entered the  
3 Columbia market; isn't that right?

4 (Answers by Mr. Kohly.)

5 A. Yes.

6 Q. And has been successful in that market?

7 A. We have added access. Define successful.  
8 It has not been our fastest-growing market.

9 Q. You're not selling basic services to  
10 residential users; is that right?

11 A. Not at this time. There's some product  
12 development in that area.

13 Q. You have -- in fact, your basic packages  
14 now start at, what, \$400 per month?

15 A. I would say they are in that range. I  
16 would need to look at a tariff to be more specific.

17 Q. And they go up from there, though, right?

18 A. Generally, based on the number of access  
19 lines added, yes.

20 MR. BROWN: Could I have a moment, your  
21 Honor?

22 JUDGE JONES: Yes, you may.

23 MR. BROWN: I'll hand the witness over to  
24 my co-counsel, witnesses, for some of the issues. It's a  
25 multiple issue.

0414

1 JUDGE JONES: Okay.

2 CROSS-EXAMINATION BY MR. HILL:

3 Q. Good afternoon, Mr. Bruemmer. Did I  
4 pronounce that right, is it Bruemmer?

5 (Answers by Mr. Bruemmer.)

6 A. Yeah.

7 Q. I'd like to direct your attention to  
8 Article 9, which is the maintenance article. You  
9 primarily provided the testimony for Socket?

10 A. Yes, I do.

11 Q. I'd like to direct your attention to Issue  
12 No. 1, particularly Section 7.3. Now, this particular  
13 provision basically deals with what obligations CenturyTel  
14 would have on repair commitments, correct, just generally?

15 A. Yeah, I think so.

16 Q. And in fact, in that section Socket  
17 proposes CenturyTel provide Socket with notices of each  
18 repair commitment through a series of status calls,  
19 correct?

20 A. Yeah.

21 Q. And Socket further proposes that CenturyTel  
22 provide Socket with a daily fax listing the status of all  
23 Socket trouble tickets, correct?

24 A. Yes, it has that in there.

25 Q. Now, it's fair to say that Socket knows

0415

1     precisely how many open trouble tickets Socket would have  
2     submitted to CenturyTel on any given day, correct?

3             A.       Yeah, I think we would.

4             Q.       At least that information's easily  
5     ascertainable to Socket, correct?

6             A.       Yes.

7             Q.       And you're not disputing that Socket has  
8     the capability of sending that list over to CenturyTel for  
9     the purpose of asking on the status, are you?

10            A.       I mean, I guess we could send it to someone  
11    if we were given a name.

12            Q.       Now, you understand that the trouble ticket  
13    system to which you submit open trouble tickets for  
14    Socket's customers are intermingled with all of  
15    CenturyTel's trouble tickets, correct?

16            A.       I would assume they were.

17            Q.       And for CenturyTel to be able to go in and  
18    cull those out, it would have to have some means of  
19    filtering them out, correct?

20                    I'm sorry. Let me rephrase that. They  
21    would have to have some means of filtering out  
22    Socket-specific trouble tickets, correct?

23            A.       Yes, they would.

24            Q.       Now, under the contract language that  
25    Socket proposed for Section 7.3, there may very well be

0416

1 days, for example, that -- let me change the question.

2 There may be days when Socket doesn't have any trouble  
3 tickets open, correct?

4 A. Yes, there are days when there are no  
5 trouble tickets open.

6 Q. And yet the language under Section 7.3 that  
7 Socket's proposed would require a daily fax every single  
8 day, correct?

9 A. Yes, but I guess it could be a blank or no  
10 open tickets fax.

11 Q. So you're suggesting that Socket send a  
12 blank piece of paper -- I'm sorry -- that CenturyTel send  
13 Socket a blank piece of paper?

14 A. They can say like no open tickets probably.

15 Q. Let's move to Issue 2, which is -- pertains  
16 to Section 5.1.1 and 7.1. Now, is it fair to say that the  
17 primary issue here is that Socket simply doesn't want to  
18 use the 1-800 number that CenturyTel's provided for  
19 opening trouble tickets for customers, correct?

20 A. Hold on a second.

21 Q. Sure.

22 A. Can you repeat the question?

23 Q. Sure. I just -- is it fair to say that the  
24 main issue here is Socket objects to having to use this  
25 1-800 number that CenturyTel provides in order for Socket



0417

1 to report or open trouble tickets for its customers?

2 A. I guess our feeling is it should be a  
3 number with staff for people that would be working on like  
4 interconnection type of circuits, have knowledge of them.

5 Q. Okay. This 1-800 number that's been  
6 discussed in negotiations, in your testimony you refer to  
7 it as a retail customer service number, correct?

8 A. Yes, I do.

9 Q. Okay. But you've actually heard it  
10 referred to as CenturyTel's resolution center number,  
11 correct?

12 A. Maybe. I don't know.

13 Q. In any event, the objection is -- well,  
14 have you read Ms. Scott's rebuttal testimony?

15 A. Yes, I did.

16 Q. And have you read the part in her testimony  
17 where she says, this is the 1-800 number that even  
18 CenturyTel's own technicians use to call in customer  
19 trouble tickets?

20 A. Yes.

21 Q. And there's one place I think in your  
22 testimony where you say you suspect that may be the case  
23 sometimes, but you doubt that CenturyTel's technicians  
24 actually call this number 100 percent of the time,  
25 correct?

0418

1           A.       Well, because I think in her testimony she  
2 mentions that the technicians have a system where they can  
3 place tickets online or they have the ability to place  
4 tickets into their system directly.

5           Q.       If you took a minute, would you be able to  
6 show me where that testimony is?

7           A.       I don't have her testimony in front of me.  
8 I think it was in her direct testimony.

9           Q.       For the sake of time, I want you to assume  
10 with me for a second, okay, that CenturyTel's technicians  
11 actually call this 1-800 number to open trouble tickets  
12 for its customers.

13          A.       Okay.

14          Q.       Let's make that part of the assumption.  
15 Let's further assume that the NOC --

16          A.       Are we assuming that for their cust--  
17 which, is it like for customer service or is this for  
18 interconnection circuits or --

19          Q.       For any circuit.

20          A.       Okay.

21          Q.       For any circuit that serves a customer.

22          A.       Okay.

23          Q.       Okay. So first part of the assumption's  
24 there, right?

25          A.       Okay.

0419

1           Q.       Okay. The technicians always call the  
2 1-800 number?

3           A.       Okay.

4           Q.       Let's further assume that for  
5 customer-specific, the NOC never opens a trouble ticket,  
6 and the NOC meaning network operation center, correct? Do  
7 you have any reason -- you don't know if that's true or  
8 not, right?

9           A.       No, I don't.

10          Q.       And if CenturyTel says that that's exactly  
11 the way it happens, you don't have any basis to say that's  
12 not true, do you?

13          A.       Well, I think that was basing that on the  
14 fact that when we call in tickets for interconnection  
15 orders, there's no recognition of the circuit IDs, they're  
16 not able to find it in the system. So I'm assuming that  
17 you're saying at times that CenturyTel technicians call on  
18 transport circuits and such, right, which would have a  
19 similar ID.

20                   MR. HILL: I'm going to object as  
21 nonresponsive and move to strike.

22                   JUDGE JONES: Objection overruled.

23 BY MR. HILL:

24          Q.       Let me see if I can rephrase the question.

25          A.       Okay.

1           Q.       The simple question is, you don't know --  
2   you don't know because you're not a CenturyTel employee  
3   whether or not these assumptions are actually right,  
4   correct?

5           A.       Okay.  Yeah.

6           Q.       All right.  So if CenturyTel were to  
7   establish that that's the way its technicians actually  
8   open repair tickets on any circuit, high capacity or  
9   otherwise that serves customers, and it's provided that  
10  same process to you, it's the same process that CenturyTel  
11  uses for itself, correct?

12          A.       In this hypothetical, yes, or in this  
13  situation.

14          Q.       Now, in your rebuttal testimony on page 4,  
15  you basically say that you believe that what I've just  
16  described is an exception but not the rule, but you don't  
17  know, correct?

18          A.       Well, yes, for the high capacity circuits.

19          Q.       Now, did you participate in any of the  
20  negotiations on the maintenance issues?

21          A.       I don't recall.

22          Q.       Are you aware that in response to Socket's  
23  concerns about having to dial this 1-800 number, that  
24  CenturyTel has offered in negotiations to provide Socket  
25  with a special dial-around option?

0421

1           A.       Yes, I'm aware of that.

2           Q.       And that dial-around option essentially --  
3 one of the criticisms in your rebuttal is that this 1-800  
4 number when Socket calls, it has to wait through what  
5 you've termed retail-oriented messages, correct?

6           A.       Yes.

7           Q.       And the special option essentially is to  
8 allow you to bypass those retail-oriented messages and get  
9 in queue to talk to a representative quicker, correct?

10          A.       That's what I understand it to be, yes.

11          Q.       And you understood that this was an option  
12 that CenturyTel didn't even use for itself but was going  
13 to develop just for Socket and other CLECs, correct?

14          A.       I understand that to be true, yes.

15          Q.       And in fact, that special dial-around  
16 option is contained in CenturyTel's proposed Section 5.11  
17 and 7.1 in the maintenance article, correct?

18          A.       Yeah, that's what it looks like.

19                   MR. HILL: I have nothing further. We'll  
20 pass.

21                   JUDGE JONES: Okay. Now we'll have  
22 questions from Natelle Dietrich.

23 QUESTIONS BY MS. DIETRICH:

24          Q.       Mr. Bruemmer, can you turn to your direct  
25 testimony, page 5, please?

0422

1           A.       Okay.

2           Q.       At the bottom of the page, line 20, you  
3 say -- you're talking about seeing ticket statuses, and  
4 you talk about the final disposition of all tickets. Why  
5 does Socket need to see closed tickets?

6           A.       I think we would like knowledge of what  
7 took place in those situations, because a lot of times our  
8 customers like to be aware of things so we can -- you  
9 know, we'd like to be able to tell them that information.

10          Q.       So you're talking about just Socket's  
11 closed tickets?

12          A.       Yes.

13          Q.       Okay. And in your rebuttal testimony,  
14 page 6.

15          A.       Okay.

16          Q.       In this section you're talking about  
17 customer service records. When does Socket need a CSR?

18          A.       Currently we use that information as we're  
19 preparing the local service request, is our normal use, so  
20 we would -- in front of that order, we would get a CSR so  
21 we could place that order.

22          Q.       At that point, has Socket already obtained  
23 the customer?

24          A.       Yes.

25          Q.       Or retained the customer?

0423

1 A. Obtained.

2 Q. And how does Socket obtain the customer  
3 service record, the CSR?

4 A. Like currently, we do an e-mail. There's a  
5 form we fill out and e-mail it in to the CLEC service  
6 center.

7 Q. And under your proposal, how would that  
8 work?

9 A. Well, there would be an online system, a  
10 web-based system where we could look that information up.

11 Q. Are you familiar with CPNI?

12 A. Yes.

13 Q. Are there any CPNI issues with either your  
14 current process or what you're proposing for the online  
15 process?

16 A. None that I'm aware of.

17 Q. What type of customer information would you  
18 be obtaining?

19 A. We generally get the business name, billing  
20 address, the current telephone numbers and the services  
21 that they're purchasing from the ILEC.

22 Q. In your rebuttal on page 12, at line 17,  
23 you make reference to CenturyTel offering My Account  
24 application. Has Socket had an opportunity to use that  
25 since it's been offered?

1           A.       I have not. I don't think anyone else has.

2           Q.       Just from your understanding of the way it  
3 works, does that satisfy the particular requirement?

4           A.       I can't say that I have enough knowledge of  
5 what it has.

6           Q.       Okay. Thank you.

7                     Mr. Cadieux?

8                     (Answers by Mr. Cadieux.)

9           A.       Yes.

10          Q.       In your testimony, on page 9, I have a  
11 couple questions for you. At line 7 you talk about  
12 reasonable OSS upgrades. What are reasonable OSS  
13 upgrades?

14          A.       Well, I mean, it depends on the  
15 circumstances. I mean, one example I think I'd give is,  
16 you know, we would not necessarily advocate that  
17 CenturyTel at least at this time go to a full EDI-type  
18 system, really full-blown OSS that has the same capacity  
19 and functionality that an AT&T system or a BellSouth  
20 system has.

21                     But on the other hand, we think even for  
22 CenturyTel, a reasonable system is one that to a large  
23 extent eliminates the very manual -- very manual  
24 processes. I mean, one real example is the CSR process.  
25 As I understand it from the testimony, essentially the



0425

1 CLEC submits an e-mail request for a CSR and then that CSR  
2 is retyped on the -- on the CenturyTel end.

3                   The problem is, and I think there's a long  
4 history of this from early interconnection agreements,  
5 that the more manual -- the more there are manual  
6 processes involved, the more is the propensity for error.  
7 So presumably there's a middle ground where you don't have  
8 to go to as full-blown a system, like I said, like a full  
9 EDI system to largely reduce the amount of manual  
10 processing involved.

11                   I mean, the CSR issues, if you're going to  
12 place accurate LSR and get your facility moving to be  
13 provisioned, the first hurdle is to get a CSR and get the  
14 information as to what phone numbers and what particular  
15 services the customer currently has, because frequently  
16 the customer doesn't know that exactly, and so you get  
17 into this process where, if you get bad CSR information,  
18 the LSR you submit gets rejected because it doesn't match  
19 the information that the ILEC has.

20                   Electronic systems of various sorts tend to  
21 reduce that manual process and reduce the propensity for  
22 error.

23           Q.       And then in the next part of that sentence,  
24 you talk about over a reasonable period of time. So based  
25 on what you're describing, what would be a reasonable

1 period of time?

2 A. Well, I'm going to -- probably -- I think  
3 I'll beg off on that a little bit because I have not gone  
4 into the full detail and have been through all the  
5 negotiations that Socket has with CenturyTel. What I  
6 would say is, I understand the situation that CenturyTel  
7 is currently in, that they have a lot of -- currently have  
8 a lot of manual processes.

9 I guess the point I wanted to make is, it's  
10 not -- would not be my position or my advocacy that the  
11 Commission issue an order that says that that has to  
12 change overnight. I think it depends on the information  
13 you have in the rest of the record in terms of what the --  
14 exactly what type of system you're going to require  
15 CenturyTel to go to and what the costs are involved in  
16 doing that.

17 You know, it might be six months. I hope  
18 it would not be more than a year. But the main point is,  
19 I understand that a flash cut, irrespective of how we got  
20 to where we're at, it is not -- it would not be my -- I  
21 would not urge the Commission to order CenturyTel to have  
22 to go to an electronic OSS system overnight.

23 Q. Okay. Thank you.

24 And, Mr. Kohly, in your rebuttal  
25 testimony --

1 (Answers by Mr. Kohly.)

2 A. Yes.

3 Q. -- at page 98, you're talking about --  
4 starting at line 7 you're talking about the FCC's Local  
5 Competition Order, and on lines 10 through 12, you say,  
6 CenturyTel is required to provide nondiscriminatory access  
7 to its operating support systems functions for, and you go  
8 on to list several things. What operations support system  
9 are you referencing there?

10 A. To its own internal systems. For example,  
11 its customer service representatives have access to  
12 real-time interfaces to obtain CSRs. We're seeking access  
13 to those same interfaces.

14 Q. Okay. And there's been some discussion  
15 over the past couple of days about e-mail notifications  
16 and also a web GUI that CenturyTel now has available.  
17 If -- first of all, do those meet the needs that Socket is  
18 looking for?

19 A. The web-based GUI is simply an ordering  
20 system. One of our technicians, and I've watched them use  
21 it, basically described it as a fax machine. We submit an  
22 order, they retype it. I mean, that is not meeting our  
23 needs because of the limited functionality.

24 Q. If CenturyTel were to somehow link, say,  
25 for instance, the web GUI with whatever their internal

1 system and avoid that retype stuff, would that take care  
2 of it, if somehow whatever Socket entered was actually  
3 what was put into the CenturyTel system that was  
4 applicable?

5 A. Certainly the degree of flow-through would  
6 reduce the propensity for errors, but we still don't have  
7 the functionalities, such as the ability to obtain the  
8 CSR. Remember, that GUI is one piece. It is an ordering  
9 system. It does not have the other components.

10 MS. DIETRICH: Okay. That's all I have.  
11 Thank you.

12 JUDGE JONES: Mr. McKinnie?

13 MR. McKINNIE: No, thank you.

14 JUDGE JONES: Mr. Henderson?

15 MR. HENDERSON: Yes.

16 QUESTIONS BY MR. HENDERSON:

17 Q. Mr. Kohly, in reading the testimony of both  
18 parties, it appears that negotiation sometime in June of  
19 2005 started dealing with Article 13; is that your  
20 understanding?

21 (Answers by Mr. Kohly.)

22 A. In June of 2005, we were not under the  
23 negotiation time period. We were not negotiating a new  
24 contract at that time. We had a meeting with CenturyTel  
25 where we discussed some operational issues I believe in

1 June or early July, but we were not negotiating a new  
2 contract at that time.

3 Q. Okay. As I look at the final DPL that was  
4 presented to us, and Socket's language, what you're  
5 stating there, this is the position that Socket takes,  
6 this is the language they want in Article 13 and they  
7 need --

8 A. Yes.

9 Q. -- is that correct?

10 Is Socket's position CenturyTel should have  
11 the ability to recover costs for the system of an OSS?

12 A. Our contract language would have them  
13 present their costs later and have the Commission  
14 determine if they should, if so, the amount, and if  
15 the -- and then how to recover that amount.

16 Q. Okay. In one of CenturyTel's rebuttals,  
17 they entered their Article 1. Have you reviewed that?

18 A. I have. I received it the day before  
19 rebuttal was filed.

20 Q. And that is not acceptable to Socket?

21 A. It is not. It has no definitive kickoff  
22 for them developing an OSS. It doesn't require them to do  
23 that. It talks about a pre-OSS environment, and I'm  
24 assuming that's very much what we're in today, and we  
25 would stay in that unless they elected to do something

1 otherwise. It's got other problems with it that we object  
2 to as well.

3 Q. You do not accept it, is what you're  
4 telling me?

5 A. We do not.

6 Q. Is Socket's position to recover this cost  
7 not on a reoccurring cost?

8 A. If it's appropriate to determine to have  
9 them recover the costs, and that's not something I agree  
10 with, but that's something for the Commission to decide,  
11 our contract language gives them the ability to present  
12 their case, essentially a rate case.

13 I'm not sitting here today to recommend a  
14 certain way that should be done. I think that should be  
15 decided at that time when we know the costs. My initial  
16 reaction to put it on the nonrecurring is that is a  
17 barrier to entry. High nonrecurring costs, whether caused  
18 by OSS or anything else, certainly create a barrier to  
19 entry. There may be other means to recover those costs.

20 MR. HENDERSON: Okay. Thank you.

21 JUDGE JONES: Now we move on to recross.

22 MR. BROWN: Thank you, your Honor.

23 RECROSS-EXAMINATION BY MR. BROWN:

24 Q. Mr. Kohly, Ms. Dietrich was asking you  
25 questions about the idea of linking the web GUI with the

0431

1 ordering system at CenturyTel. Do you remember that?

2 (Answers by Mr. Kohly.)

3 A. Yes.

4 Q. And you would agree that there's likely a  
5 substantial cost associated with doing that?

6 A. There could be. I don't know how likely  
7 that is.

8 Q. The real-time interface is what --  
9 essentially the greatest part of what CenturyTel provided  
10 you information about in its cost information. Let me  
11 rephrase that.

12 The real-time interface is the aspect of  
13 the improvements to OSS demanded in your Article 13 that  
14 provided the -- most of the cost in the information that  
15 was provided to you?

16 A. I thought Ms. Dietrich's question was  
17 simply if there's a process that allowed an order to flow  
18 through directly into CenturyTel's systems, essentially  
19 eliminating one step. I did not interpret her question --  
20 and if I'm wrong, I'd be glad to answer it -- but I didn't  
21 interpret it to require real-time response to that order,  
22 real-time notification of errors, real-time access to CSR.  
23 I thought she was simply talking about the ordering aspect  
24 of it.

25 Q. But you don't have any idea how much that

1 would cost, as opposed to the other systems?

2 A. No, I don't.

3 Q. Mr. Cadieux, you were questioned about and  
4 gave responses to questions about the idea of reasonable  
5 OSS upgrades?

6 (Answers by Mr. Cadieux.)

7 A. Yes.

8 Q. And I think you said it depends on the  
9 circumstances, what would be reasonable?

10 A. Yes.

11 Q. And you'd agree that different companies  
12 might have different circumstances?

13 A. Yes. But my experience is, is that at  
14 least with every company that we deal with, we deal with  
15 electronic OSS systems of some nature.

16 Q. But again, you testified that you're not  
17 suggesting that a full EDI interface is what's required  
18 here?

19 A. I'm not testifying to that, no.

20 Q. Now, you would agree that if the  
21 interconnection agreement had agreed intervals for the  
22 receipt of CSRs or the provisioning of orders, that those  
23 circumstances would mitigate your concerns?

24 A. In part, but not to the largest part,  
25 because that deals with the timing. It doesn't deal with



0433

1 the accuracy. In my experience, beginning from 1996  
2 forward with several different CLECs, with multiple  
3 incumbent LEC companies where a lot of processes initially  
4 were manual but have now converted over to electronic  
5 systems, is that the error rates have dropped  
6 substantially. It's not only the timing.

7                   To a large extent it's the errors, because  
8 the errors create their own timing problem, because if  
9 there's an error, an order gets rejected when it really  
10 shouldn't have needed to be rejected and the order had to  
11 be resubmitted, and you can go through that cycle several  
12 different times and be a week or ten days down the road  
13 further than you should have been with a clean order under  
14 an electronic system.

15           Q.       Would you agree that if there were  
16 performance measures and remedies provided in the  
17 interconnection agreement that addressed accuracy and  
18 timing, that those things, coupled with the agreed  
19 intervals, would mitigate some of the issues?

20           A.       Not really because, I mean, the performance  
21 measures is an after the fact. It's on a smaller scale.  
22 It's like anti-trust revenues. Yeah, you have a remedy to  
23 go get dollars, but the body is dead by the time that  
24 happens.

25                   I mean, by that time if you're getting

1 dollars and performance remedies, it means if it's, for  
2 example, for inaccurate orders, you've got customers that  
3 were lost, because if you keep getting orders rejected  
4 because of errors in the system, I mean, some percentage  
5 of that customer -- customers are going to see that as the  
6 CLEC's problem and as the CLEC service problem and they're  
7 either not going to leave -- well, in most cases they're  
8 going to be with the incumbent LEC and they're going to  
9 decide not to leave them. So it's an after the fact, less  
10 than satisfactory remedy.

11 Q. Does NuVox operate in Virginia?

12 A. No, it does not.

13 Q. Do you operate in any state where you have  
14 a fee associated with access to OSS?

15 A. I'm not sure. I know we don't have it in  
16 any of our SBC states, which are seven. We're just  
17 getting new interconnection agreements with Bellsouth, and  
18 I do not recall offhand whether we've got an OSS additive  
19 there or with the other two -- the two independent ILECs  
20 that we deal with, ALLTEL or CBT.

21 Q. Are you familiar with the Verizon Virgin  
22 cost case at all?

23 A. Only at a very high level.

24 Q. You understand, don't you, that in Verizon  
25 Virgin's order, that the FCC authorized recovery of

0435

1 hundreds of millions of dollars in OSS cost?

2 A. I understand from testimony today that the  
3 FCC ordered recovery. I don't -- I did not hear a  
4 specific number and I don't have knowledge of what that  
5 number was.

6 Q. Based upon your knowledge of the industry,  
7 though, you'd agree that those hundreds of millions  
8 dollars of --

9 JUDGE JONES: Mr. Brown, what does this  
10 have to do with what the questions that were asked up  
11 here?

12 MR. BROWN: It has to do with the question  
13 of the practicality of the changes that have been  
14 suggested, and that's where I'm going with this. That's  
15 the bottom line on this.

16 JUDGE JONES: Okay. You can continue.

17 MR. BROWN: It has to do with competitive  
18 response, your Honor.

19 BY MR. BROWN:

20 Q. But you'd agree, wouldn't you, that  
21 whatever amount that was recovered, that it was recovered  
22 over -- from many, many CLECs and over many, many lines or  
23 orders?

24 A. It was presumably recovered over every CLEC  
25 that operated -- that did business with, I presume it was

1 Bell Atlantic, or it might have been Nynex at that point  
2 in Virginia.

3 Q. That would be millions of CLEC customers  
4 and many, many millions of --

5 A. That I don't know. I don't have  
6 independent information on the number of Virgin customers  
7 at that time.

8 Q. Would you agree that if the cost was still  
9 high relative to the size of the company, and that the  
10 order volume or the CLEC customer volume was low, that the  
11 charges that resulted to CLECs could have an effect on  
12 them competitively?

13 A. Certainly. I mean, but I would assume that  
14 an OSS system is a -- with CenturyTel would be the same  
15 way it is with every other ILEC that we deal with, that it  
16 would be a system-wide system, it would not be a  
17 state-specific system. So it would be built basically for  
18 now and for the future to accommodate CLEC entry across  
19 the entirety of the ILEC's number of states it operates  
20 in.

21 Q. So as long as the Missouri proportion of  
22 cost was attributed to Missouri CLECs, then that would be  
23 fine with you?

24 A. It would have to be TELRIC based.

25 Q. But if that was the case, if it was a

0437

1 TELRIC-based charge and it was allocated over all the  
2 competitive states for CenturyTel, then that would be  
3 agreeable to you?

4 A. When you say agreeable to me, what we would  
5 do is we could look at it and we would look at any other  
6 rational business. We would look to see what that charge  
7 was and look to see what all the other relevant charges  
8 are, and make a determination of whether we can serve  
9 small and medium-sized business customers, which is what  
10 we serve, given the totality of those charges.

11 Q. So if the costs that had to be allocated  
12 resulted in -- to build the OSS kind of system that Socket  
13 is demanding in its Article 13, if that cost was high  
14 enough that the allocated portion to Missouri resulted in  
15 charges that were too high, then you might make the  
16 decision not to come here?

17 A. Like any other -- taken into account with  
18 all other relevant charges like UNE rates, EEL rates, and  
19 the relevant terms and conditions that can also increase  
20 costs, it would be a factor, yes.

21 Q. So your answer is yes?

22 A. It would be a factor. It would be looked  
23 at. It would not be looked at in isolation. It would be  
24 looked at in the totality of all the costs that we would  
25 incur from purchasing facilities from CenturyTel.

1           Q.       But certainly there is a level at which  
2   that charge could become too high for you to come here and  
3   do business?

4           A.       Certainly.

5                   MR. HILL:  I'll be brief.

6   RE CROSS-EXAMINATION BY MR. HILL:

7           Q.       In follow-up to a question that  
8   Ms. Dietrich asked you, Mr. Kohly, I think she noticed  
9   that the parties had done some negotiating on the ordering  
10  provisions or the ordering processes, and asked whether or  
11  not those were currently meeting your needs.  Do you  
12  recall that question?

13                   Whether you do or not, how about I ask you  
14  a question about it?

15                   (Answers by Mr. Kohly.)

16           A.       Ask me a question about it.

17           Q.       Now, in negotiations the parties have come  
18  to some resolutions on the current ordering process,  
19  correct?

20           A.       In a manual mode, yes.

21           Q.       So using a web-based ordering system,  
22  CenturyTel in these negotiations has agreed to provide you  
23  specific e-mail notice of firm order confirmation,  
24  jeopardy status and error reject notification on LSR  
25  orders, correct?

0439

1 A. While in a manual mode, yes.

2 Q. Is that a yes?

3 A. While in a manual mode, yes.

4 Q. Using the web-based ordering system we have  
5 now, correct?

6 A. Yes.

7 Q. This is not a capability that existed prior  
8 to these negotiations, correct?

9 A. I don't know if it existed or not. We  
10 certainly were not receiving it.

11 Q. You weren't aware of its existence,  
12 correct?

13 A. No, we were not.

14 Q. And we have committed to -- CenturyTel has  
15 committed to rolling this developed program out by the  
16 time this agreement becomes effective, correct?

17 A. Yes.

18 MR. HILL: Nothing further.

19 JUDGE JONES: Thank you. We'll move on to  
20 redirect now.

21 REDIRECT EXAMINATION BY MR. MAGNESS:

22 Q. Mr. Cadieux, you were questioned about  
23 NuVox's, I guess, experience with the use of incumbent LEC  
24 operational support systems. Do you have experience in  
25 working with incumbent LECs that are not Bell operating

1 companies, smaller independent LECs?

2 (Answers by Mr. Cadieux.)

3 A. Yes, Cincinnati Bell and ALLTEL.

4 Q. And do those carriers have -- why don't you  
5 describe the OSS of those carriers?

6 A. Generally, they are electronic OSS systems.  
7 They are not as robust and don't have the same capacity as  
8 the BellSouth and SBC/AT&T systems, but they are -- they  
9 are electronic, they -- with the exception of what I'll  
10 call non-standard orders, which are relatively few, the  
11 processes are electronic.

12 Q. And the problems that were discussed I  
13 think by several of the witnesses concerning customer  
14 service records or CSRs, are those addressed in some way?

15 A. Those are electronic, again, except for our  
16 standard orders, which DS1 loops to a collocation or DS1  
17 EELS, which is a DS1 loop and transport combination, those  
18 are standard orders and the CSRs are available  
19 electronically, which substantially reduces the error rate  
20 on the LSRs that are submitted.

21 Q. Mr. Kohly?

22 (Answers by Mr. Kohly.)

23 A. Yes.

24 Q. You were asked some questions about the  
25 proposed contract language for Article 13 that CenturyTel



0441

1 has put forward. Do you recall that?

2 A. Yes.

3 Q. Do you have Schedule Moreau Rebuttal 1 or  
4 otherwise have a copy of the proposed OSS?

5 A. I have a copy of the DPL.

6 Q. Okay. Why don't I get one, too, so we're  
7 looking at the same page numbers.

8 Ask you to turn to CenturyTel language  
9 proposed at Section 15. I think it's right toward the end  
10 of the CenturyTel language.

11 A. Okay.

12 Q. It would be CenturyTel pre-OSS services,  
13 Section 15. On the DPL, the final DPL appears at  
14 page 20 of 30, and Ms. Moreau's testimony it's in  
15 Schedule Moreau Rebuttal 1 at page 9 and 10. The -- in  
16 Sections 15.1.1, I believe here CenturyTel is describing  
17 what Socket will have access to under this proposal, and  
18 that includes at 15.1.1 the CenturyTel web GUI. Is that  
19 something that's currently available?

20 A. Yes, except that we currently e-mail  
21 requests for CSRs to CenturyTel based on instructions  
22 we've previously received, but we do use the web-based GUI  
23 to place local service requests, and it's my understanding  
24 that we can now use the same GUI to request CSRs.

25 Q. And in 15.1.2, Socket places access service

1 requests or ASRs by means of fax or e-mail, is that a  
2 change?

3 A. No, it's not.

4 Q. And in 15.1.3, which has Socket using the  
5 CenturyTel provided 1-800 number for all trouble ticket  
6 and maintenance issues, is that a change from current  
7 practice?

8 A. No, it is not.

9 Q. Are there any capabilities beyond what  
10 CenturyTel does now that are offered in CenturyTel's  
11 proposed contract language?

12 A. It does allow them to start charging us for  
13 the use of the web-based GUI that we currently use in  
14 15.2, but other than that, no.

15 Q. Now, if I could ask you to turn to  
16 Section 14.2, which I believe on the DPL appears on  
17 page 19 of 30, and in Ms. Moreau's testimony on page 9 of  
18 her rebuttal schedule. Are you there?

19 A. Yes.

20 Q. As I read this provision, CenturyTel is  
21 proposing that CenturyTel -- that Socket be required to  
22 negotiate and enter into a contract with CenturyTel so  
23 that CenturyTel can obtain access to Socket's OSS?

24 A. That's what it requires.

25 Q. And to permit CenturyTel to obtain

0443

1 information related to Socket customers?

2 A. Yes, through our OSS.

3 Q. Okay. Does Socket order anything from -- I  
4 mean, does CenturyTel order anything from Socket?

5 A. They have requested a customer service  
6 record, I think, prior, but they don't order anything from  
7 us currently.

8 Q. Okay. So you need preordering and  
9 provisioning maintenance, et cetera, in the CenturyTel OSS  
10 because you are ordering things from them, right?

11 A. Correct.

12 Q. But here their demand is for access to your  
13 OSS?

14 A. Full access to our OSS for no stated  
15 reason, and this is not something they ever brought up in  
16 negotiations.

17 Q. And finally, in -- in the discussion about  
18 cost recovery for OSS, ILEC cost recovery --

19 A. Yes.

20 Q. -- I think you got a question about whether  
21 you pay for other calls only when you get the service or  
22 something to that effect. Do you -- do you pay for UNEs  
23 before they're available?

24 A. No, we don't.

25 Q. Do you pay for resale services if they

0444

1     won't be available for some time in the future?

2             A.       No, we do not.

3             MR. MAGNESS:   That's all I have, your  
4     Honor.

5             JUDGE JONES:   Thank you.   Thank you.   Now  
6     we'll move on -- well, actually, I was planning to take a  
7     break at 2:15.   Why don't we go ahead and take it now and  
8     take a ten-minute break.

9             (A BREAK WAS TAKEN.)

10            JUDGE JONES:   We're back on the record in  
11   Case No. TO-2006-0299, and we have now CenturyTel's  
12   witnesses.   Several of you have already been sworn in.  
13   Those of you who haven't, Elford, Moreau and Scott, will  
14   you please raise your right hand.

15            (Witnesses sworn.)

16            JUDGE JONES:   Mr. Elford?

17            MR. ELFORD:    I do.

18            JUDGE JONES:   Thank you.   Ms. Moreau?

19            MS. MOREAU:    I do.

20            JUDGE JONES:   And Ms. Scott?

21            MS. SCOTT:     I do.

22            JUDGE JONES:   Thank you.   You may proceed.

23            MR. HILL:     Thank you, your Honor.   The  
24   testimony, both direct and rebuttal, of Mr. Avera and Pam  
25   Hankins, Mr. Ted Hankins, Guy Miller and Carla Wilkes is

0445

1 already in the record. We'll be offering the testimony of  
2 three other witnesses at this time.

3 GUY MILLER, PAM HANKINS, CARLA WILKES, MAXINE MOREAU,  
4 MARION SCOTT, MIKE ELFORD, TED HANKINS AND BILL AVERA  
5 testified as follows:

6 DIRECT EXAMINATION BY MR. HILL:

7 Q. Mr. Elford, could you quickly state your  
8 name and business address for the record.

9 (Answers by Mr. Elford.)

10 A. My name is Michael Elford. My business  
11 address is 100 CenturyTel Drive, Monroe, Louisiana.

12 Q. And did you cause direct and rebuttal  
13 testimony in your name to be filed in this proceeding?

14 A. Yes, I did.

15 Q. Do you have any corrections to that  
16 testimony at this time?

17 A. No, I do not.

18 Q. If we were to ask you the same questions  
19 presented in your testimony, would you provide the same  
20 answers?

21 A. Yes, I would.

22 MR. HILL: Your Honor, we would move to  
23 admit the direct and rebuttal testimony of Mr. Michael  
24 Elford as Exhibits X and Y.

25 JUDGE JONES: Exhibits X and Y are admitted

0446

1 into the record.

2 (EXHIBITS X AND Y WERE MARKED FOR  
3 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
4 EVIDENCE.)

5 BY MR. HILL:

6 Q. Ms. Moreau, would you please state your  
7 name and business address, please.

8 (Answers by Ms. Moreau.)

9 A. Maxine Moreau, 100 -- Maxine Moreau,  
10 100 CenturyTel Drive, Monroe, Louisiana.

11 Q. And did you cause to be filed in this  
12 proceeding direct testimony and rebuttal testimony in your  
13 name?

14 A. Yes, I did.

15 Q. Do you have any corrections to that  
16 testimony?

17 A. No, I do not.

18 Q. If we were to ask you the questions that  
19 were presented in your direct and rebuttal testimony,  
20 would you provide the same answers here today?

21 A. Yes, I would.

22 MR. HILL: Your Honor, we would move to  
23 admit Ms. Moreau's direct and rebuttal testimony under  
24 Exhibit Z and AA.

25 JUDGE JONES: Exhibit Z and AA are admitted

0447

1 into the record.

2 (EXHIBITS Z AND AA WERE MARKED FOR  
3 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
4 EVIDENCE.)

5 MR. HILL: And also, your Honor, for the  
6 record, there are both proprietary and nonproprietary  
7 versions of the testimony.

8 JUDGE JONES: Of both direct and rebuttal?

9 MR. HILL: Yes, your Honor.

10 BY MR. HILL:

11 Q. Ms. Scott, would you please state your name  
12 and business address for the record.

13 (Answers by Ms. Scott.)

14 A. Marion Scott, 100 CenturyTel Boulevard,  
15 Monroe, Louisiana.

16 Q. And did you cause to be filed direct  
17 testimony and rebuttal testimony in this proceeding under  
18 your name?

19 A. I did.

20 Q. Do you have any corrections to that  
21 testimony?

22 A. No, I don't.

23 Q. Neither to the direct or rebuttal?

24 A. No, sir.

25 Q. And if we were to ask you the questions

0448

1 presented in your direct and rebuttal testimony today,  
2 would your answers be the same?

3 A. They would.

4 MR. HILL: Your Honor, we move to admit  
5 Ms. Marion Scott's direct and rebuttal testimonies, direct  
6 being marked as BB and rebuttal as CC.

7 JUDGE JONES: Exhibit BB and Exhibit CC are  
8 admitted into the record.

9 (EXHIBITS BB AND CC WERE MARKED FOR  
10 IDENTIFICATION BY THE REPORTER, AND RECEIVED INTO  
11 EVIDENCE.)

12 MR. HILL: Tender the panel at this time,  
13 your Honor.

14 JUDGE JONES: Thank you. Now we'll have  
15 cross-examination.

16 CROSS-EXAMINATION BY MR. MAGNESS:

17 Q. Ms. Scott, I wanted to ask you about the  
18 800 number that was discussed earlier. I think it's  
19 addressed in your direct testimony at page 11.

20 (Answers by Ms. Scott.)

21 A. Yes.

22 Q. I think your testimony is that that 800  
23 number is used by retail customers and by CenturyTel's  
24 field technicians; is that right?

25 A. Yes, it is.



0449

1           Q.       And when one calls that 800 number, who  
2   answers?

3           A.       If a representative is available, it goes  
4   to a representative.  If there's a queue, then it goes to  
5   a dialog that asks people to self diagnose, check their  
6   NID, that kind of thing.

7           Q.       So the technicians don't have a way to get  
8   past that?

9           A.       No.

10          Q.       They have to wait with everybody else?

11          A.       Yes, sir, they do.  They do have to wait.

12          Q.       Okay.  So there's no option for a  
13   technician who may have a network problem or a  
14   customer-affecting network problem to get out of the  
15   queue?

16          A.       No, sir, we don't have a way for them to  
17   get out of the queue.

18                 MR. MAGNESS:  Okay.  That's all I have for  
19   the panel.  Thank you.

20                 JUDGE JONES:  Ms. Dietrich?

21   QUESTIONS BY MS. DIETRICH:

22          Q.       Ms. Hankins, I'm not sure if you're the  
23   person to ask.  So if not, perhaps can you direct me to  
24   the right person.

25                 (Answers by Ms. Hankins.)

0450

1           A.       Okay.

2           Q.       We've heard some testimony over the past  
3   couple days on various types of provisioning and services  
4   that CenturyTel will receive something either via the web  
5   GUI or via an e-mail and then CenturyTel representatives  
6   have to turn around and retype that information into  
7   CenturyTel's system; is that correct?

8           A.       That's correct.

9           Q.       Why does CenturyTel have to retype  
10   information that they receive electronically?

11          A.       You said that we received electronically,  
12   so you're talking about orders that we receive, LSRs that  
13   we receive via our web GUI that we've talked about.

14                   In order to get those into our -- if you'll  
15   look at my testimony, I reference our Ensemble system  
16   which contains information about customers, ordering,  
17   provisioning, that sort of thing, billing information. In  
18   order to get that information into that system, those  
19   LSRs, the information on the LSRs then has to be retyped  
20   into that system.

21          Q.       And are there situations where either  
22   through CenturyTel's retail customers or through, say,  
23   your technicians where you would receive information from  
24   them electronically and you'd also retype into other  
25   CenturyTel systems?

0451

1           A.       Can you repeat that? The first part of it,  
2 I want to make sure I understand.

3           Q.       Yes. Are there situations either through  
4 CenturyTel's retail customers or like the discussion we  
5 were just having where something took place out in the  
6 field and CenturyTel technicians were entering something  
7 into the system where that information would be received  
8 electronically and then someone at CenturyTel would retype  
9 it into another system?

10          A.       I'm not aware of an analogy like you're  
11 talking about for ordering.

12          Q.       Are customers able to order services  
13 online?

14          A.       Not that I'm aware of.

15          Q.       Okay. In your rebuttal testimony at  
16 page 25, at the question and answer that starts at  
17 line 18, you're talking about, does this mean then that  
18 the process must look the same to Socket as it does within  
19 CenturyTel's own operations? And does this process that  
20 you're talking about here -- oh, okay. At line 20, it  
21 says, virtually every service offered to Socket is, in  
22 fact, offered with the same quality accuracy and  
23 timeliness that CenturyTel provides itself. Do you see  
24 that sentence?

25          A.       Yes, I do.

1           Q.       Is that sentence also true when it comes to  
2 services that CenturyTel provides its affiliates?

3           A.       I'm not aware. And I think that's in  
4 someone's testimony, that CenturyTel provides -- well, can  
5 I check? Can I look at this and see for a moment what  
6 type of services I'm talking about here?

7                     Let me make sure. Okay. In this instance  
8 I'm talking about all the intervals that we have here, so  
9 this would cover LSRs, ASRs, any types of orders, and the  
10 process was -- that I have in my direct testimony would  
11 cover any type of orders that we receive.

12          Q.       And that would apply to your affiliates  
13 also, that they would be ordering something from  
14 CenturyTel?

15          A.       For instance, if CenturyTel Long Distance  
16 ordered an access service from us, they would follow the  
17 ASR process.

18          Q.       Mr. Hankins, in your direct testimony  
19 discussing recovering OSS from nonrecurring charges, you  
20 have the additive?

21                     (Answers by Mr. Hankins.)

22          A.       Yes.

23          Q.       Has CenturyTel recovered costs associated  
24 with its web GUI from CLECs?

25          A.       Not that I'm aware of.

0453

1           Q.       Ms. Wilkes, in your direct testimony you  
2   have Schedule 1?

3                   (Answers by Ms. Wilkes.)

4           A.       Yes.

5           Q.       Which is CenturyTel estimated OSS costs?

6           A.       Yes.

7           Q.       Do you have supporting information or  
8   backup information for where you came up with these  
9   numbers and how they were all derived? Is it in records  
10 somewhere?

11          A.       The detail information is in the cost model  
12 that we provided.

13                   MS. DIETRICH: Okay. Thank you. That's  
14 all I have.

15                   JUDGE JONES: Mr. McKinnie?

16                   MR. McKINNIE: No, sir.

17                   JUDGE JONES: Mr. Henderson?

18                   MR. HENDERSON: Yes.

19   QUESTIONS BY MR. HENDERSON:

20          Q.       I think I want to address this to Ms.  
21 Scott. It was dealing with a 1-800 resolution center.

22                   (Answers by Ms. Scott.)

23          A.       Yes, sir.

24          Q.       Is that 800 number that is provided the  
25 same number that a CenturyTel employee would call to

0454

1 originate an employee trouble report if he's out in the  
2 field and he finds one he needs to generate a report on?  
3 Is that the same number?

4 A. Yes, sir, it is.

5 Q. Okay. When Socket reports a case of  
6 trouble to you today, is that through electronically or is  
7 it through a phone call?

8 A. To my understanding, sir, they call the 800  
9 number as well.

10 Q. Okay. When they report that, are they  
11 provided a trouble ticket number or tracking number?

12 A. Trouble ticket number. Trouble tickets are  
13 assigned numbers.

14 Q. Okay. Is that provided back to Socket for  
15 their tracking?

16 A. I can't answer that. I don't know. I know  
17 that -- I think that ticket number would be available to  
18 them if they asked because when a ticket is entered, a  
19 ticket number is assigned.

20 Q. If that was -- would take place and I  
21 would -- was a Socket employee and called back to your  
22 resolution center, could they track it by that ticket  
23 number?

24 A. We can track by ticket number and -- and  
25 circuit or telephone number, yes.

0455

1 MR. HENDERSON: Okay. Thank you.

2 JUDGE JONES: We'll move on to recross.

3 Any questions?

4 MR. MAGNESS: No, your Honor.

5 JUDGE JONES: Redirect?

6 MR. BROWN: Very brief, your Honor.

7 REDIRECT EXAMINATION BY MR. BROWN:

8 Q. Ms. Hankins, Ms. Dietrich was asking you a  
9 question about whether or not there were any analogies in  
10 the CenturyTel system to the receive an order and the  
11 retyping of the order. Do you remember that?

12 (Answers by Ms. Hankins.)

13 A. Yes.

14 Q. And could you describe how ASRs arrive at  
15 CenturyTel and how they're handled through at least the  
16 preparation for provisioning?

17 A. Yes. ASRs are either faxed or e-mailed to  
18 our access services group, and from that point then the  
19 ASR is, in turn, input into the provisioning system, the  
20 COP system.

21 Q. And isn't that very similar to what happens  
22 with the LSR today?

23 A. Yes.

24 Q. And isn't it true as well that the vast  
25 majority of Socket's orders today are handled in that

0456

1 fashion?

2 A. Yes.

3 Q. You were also asked a question about how  
4 affiliates are treated?

5 A. Yes.

6 Q. With respect to ordering and provisioning  
7 and so on?

8 A. Uh-huh.

9 Q. In fact, they're treated exactly the same  
10 as a CLEC; isn't that true?

11 MR. MAGNESS: I would object, your Honor.  
12 This is redirect. This is a leading question.  
13 Mr. Brown's testifying and asking her to agree.

14 JUDGE JONES: Objection sustained.

15 BY MR. BROWN:

16 Q. Ms. Hankins, how does the fashion in which  
17 CenturyTel's affiliates compare to -- the treatment of  
18 affiliates compare to the treatment of CLECs?

19 A. As I described, the process is the same for  
20 the order entry no matter who the originator is.

21 Q. And the cost of those services or functions  
22 are charged how, the same or differently for CLECs than  
23 and affiliates?

24 A. The charges would be the same.

25 MR. BROWN: I'll pass the witness, your



0457

1 Honor.

2 JUDGE JONES: I'm guessing you said you're  
3 passing it on to your co-counsel?

4 MR. HILL: No, your Honor. I have nothing.

5 JUDGE JONES: No questions. I suppose  
6 that's it for this panel?

7 Rather than all of you get up and move  
8 about, there are only three witnesses for Socket under the  
9 next topic, so some of you move and let them come up. Can  
10 you all agree on that?

11 Mr. Magness?

12 MR. MAGNESS: Thank you, your Honor. This  
13 panel addresses performance measurement issues Article 15.

14 JUDGE JONES: Make sure your mic's on. It  
15 is on.

16 MR. MAGNESS: This panel addresses  
17 performance and measurement issues. These are in  
18 Article 15, one of the DPLs that came in I believe on  
19 Monday. It's an issue that folks I think have been  
20 working on very hard since the litigation began.

21 Just as background, what is in front of the  
22 Commission for consideration in the DPLs is the PMs or  
23 performance measures -- I'll call them PMs -- that  
24 CenturyTel has proposed were first proposed in direct  
25 testimony, that is March 21st. Socket had provided a set

1 of performance measures as part of negotiations and in its  
2 first proposal.

3 And it appears at this stage that there is  
4 general agreement that performance measurements in this  
5 interconnection agreement going forward are appropriate.  
6 Obviously, as you all know, this Commission has approved  
7 them in the past for incumbent LECs operating in Missouri,  
8 and we, of course, believe they are appropriate in this  
9 case as well.

10 The primary purpose for performance  
11 measurements is to make certain that the Act's obligation  
12 for parity and nondiscriminatory treatment of CLECs are  
13 actually kept in place once an interconnection agreement  
14 is in effect. They serve the function of preventing  
15 dispute resolution from arising over and over again  
16 because parties have an enforcement mechanism that they  
17 can use.

18 They typically, and I think we would urge,  
19 include a form of essentially liquidated damages to give  
20 an incentive for good performance, so that the performance  
21 penalties are not just -- become a cost of doing business  
22 that don't provide an incentive for good performance under  
23 the contract. The use of performance measurements, which  
24 as I understand really started with the Section 271 cases,  
25 has been lauded by the FCC and has been, as I said,

1 approved by this Commission not just in those cases but  
2 for other carriers as well.

3 Performance measures, however, are by  
4 nature complex. The reason is that before you kick off a  
5 program that involves liquidated damages, the biggest  
6 concern -- the biggest concern of the ILEC and a program  
7 that is what is the enforcement mechanism and the  
8 assurance of good performance for purposes of the CLEC,  
9 both sides want to be sure that those measures are  
10 measuring the right thing, they are equitable, that  
11 they're sufficient, and that as the ILEC begins to measure  
12 that performance, it's not only measuring something  
13 meaningful, but measuring it in a meaningful way.

14 And there are issues that while in just  
15 normal parlance of just looking at language or looking at  
16 how something's written may seem very simple that need to  
17 be worked out by the parties.

18 What is the start time, if you're  
19 measuring, for example, a provisioning issue when an order  
20 is supposed to be fulfilled? What's the agreed start  
21 time? What does on time mean for particular orders? It's  
22 certainly going to be different for different things.  
23 What does it mean that something has been provisioned?  
24 Essentially what's the starting and what's the completion,  
25 and what qualifies as completion?

1                   And typically these plans include  
2   exclusions for certain situations when there's nothing the  
3   ILEC could have done to perform. If they were supposed to  
4   install service at a customer's home and the customer  
5   wasn't there, so there's certain exclusions that are parts  
6   of -- are part of the program. And obviously the goal is  
7   to get to a measurement of parity and measuring the  
8   performance of the ILEC under the terms of the  
9   interconnection agreement themselves.

10                  What Socket -- Socket, as I noted, proposed  
11   a set of performance measures early in this process. We  
12   are not bound to those. In fact, we would welcome the  
13   participation of CenturyTel and, in fact, of the  
14   Commission Staff in assessing them, determining are these  
15   workable performance measures. In the context of other  
16   major performance measurement projects, the industry has  
17   found that a collaborative process here actually can work  
18   fairly well.

19                  And while it's clear there are lots of  
20   disputes between these companies and difficulties working  
21   things out, I'll tell you the experience that the industry  
22   has had with performance measurements generally is, once  
23   the question of are there going to be performance  
24   measurements is resolved and the parties are both in a  
25   place where they're willing to work on the plan and get

0461

1 down to the very specifics of defining the exclusions and  
2 defining the definitions, there's a lot of progress.

3 In fact, I'm not sure if Commission Staff  
4 here was physically involved, but I know you monitored the  
5 renewal of performance measurements under the M2A when the  
6 M2A expired. That was a process where, you know, you  
7 didn't hear a lot of dispute about performance  
8 measurements in the hearing room in the M2A case because  
9 the parties started a process, I think it started at the  
10 Texas Commission and kind of expanded and the parties  
11 worked these things out at that detail level.

12 But there has to be that initial commitment  
13 and order, essentially, from the Commission, that says  
14 this is going to be part of this agreement, let's work it  
15 out.

16 So Socket would certainly advocate that  
17 there be an Order upcoming out of this case, that there be  
18 performance measurements and the parameters of what those  
19 performance measurements should cover. We are willing  
20 and, in fact, think it would be a good idea to -- once  
21 that's laid out, to work on the details with the people  
22 who can really work on the details.

23 There's no point in sitting here in a  
24 hearing room with witnesses who aren't statisticians or  
25 who aren't maybe network people or who aren't the right

1 kind of provisioning people or just happen to be the  
2 witnesses that run the issues in dispute and try to work  
3 out the nitty gritty details of these performance  
4 measurement plans and measures. So that is something that  
5 we would very strongly urge the Commission to do coming  
6 out of this docket.

7                   It's critically important in order to make  
8 that process work and make that process be something that  
9 everybody knows they have to play in that the Commission  
10 order that it happen, put some sort of reasonable time  
11 limit on it, so it's not something that just drags out or  
12 something that's unreasonably fast for either party. I  
13 can tell you from our perspective, attempting to digest  
14 and decide whether performance measurements are acceptable  
15 or not in the time frame since CenturyTel has provided  
16 theirs is not a whole lot of time.

17                   And I don't say that as a question of they  
18 should have done it earlier as much as, as I say, it's a  
19 complicated process, one that in the industry is typically  
20 done in collaboratives where, if we can't work it out,  
21 there's some sort of forum we can come to and get it  
22 worked out. And then we can move forward with these. And  
23 they're really too important to performance to, you know,  
24 do them too fast. It's really too important to do them  
25 any other way.

1                   So that's where we are on performance  
2 measures, and I'll let the witnesses speak to the facts of  
3 the matter.

4                   JUDGE JONES: Okay. CenturyTel?

5                   MR. BROWN: Your Honor, Staff, counsel, the  
6 final performance measures DPL is rather lengthy. It  
7 contains both parties' proposed tables, intervals and  
8 performance measurement rules to go along with it. At  
9 this point, as you can see from the position statement and  
10 as you'll see in our post-hearing brief, as well as the  
11 testimony, CenturyTel is not opposing agreed performance  
12 measures intervals and remedies.

13                   At this point we have moved on beyond the  
14 legal arguments about the right to refuse those kind of  
15 things, and instead have gone down the path of deciding to  
16 work on this in a way that would reach agreement. In  
17 fact, negotiations have led to agreement on the intervals.

18                   We have -- in addition to the intervals  
19 that are agreed, we have proposed our own Article 15. Our  
20 own Article 15, the first part of it which corresponds to  
21 and is really just a markup of that which Socket proposed,  
22 with three or four things added to it that I'll go into  
23 here shortly, they're subject of other issues in  
24 Article 15's DPL.

25                   Perhaps most importantly to the

1 conversation about the question of collaboratives, and  
2 I'll talk about that more at the end, almost all of the  
3 proposed performance measures that we have laid out in our  
4 tables correspond by name and subject matter to those that  
5 Socket has proposed. There are differences in just a  
6 couple of characters.

7                   One is that we have tried to take what we  
8 consider to be ambiguous terms as to when a performance  
9 measure would apply or how it would apply and give it  
10 definition. And so what we have structured is a  
11 step-by-step, we hope clear methodology for determining  
12 whether a breach has occurred and whether or not the  
13 performance measure applies.

14                   We've also changed some of the remedies  
15 because many of the remedies are difficult to determine on  
16 any predictable basis what the level will be. We have  
17 also provided thresholds, and I'll get to those in a  
18 moment, for when the performance measures remedies should  
19 apply, not for when the performance measures themselves  
20 should apply or the mechanism associated with it for  
21 reporting and meeting and so on.

22                   One thing that I think may be confused, and  
23 I'm not sure, but if you look at the agreement on  
24 intervals, there's not a dispute at this point about what  
25 the start time or end time is. I mean, that particular



1     example, I'm sure there are places where there are  
2     disagreements between the parties, no question, but that's  
3     not one of them. Those are agreed.

4                     Now, in our Article 15, what we attempted  
5     to do was to be clear and fair, and in conjunction with  
6     the agreed intervals that we've talked about, we think  
7     that our proposed measurements ensure timeliness and  
8     accuracy in a way that would help Socket to know that its  
9     orders or its provisioning of services would be at a level  
10    that is acceptable, that is consistent with CenturyTel's.

11                    That is the other category of change that  
12    we've made to the performance measures, where often Socket  
13    is or was demanding 100 percent or near 100 percent  
14    accuracy or consistency with the given measure. What we  
15    have done is adjusted those to how we treat ourselves or  
16    our customers. That is, we have made the performance  
17    measures equate to parity with the way we provision our  
18    orders or serve our customers.

19                    We shouldn't be required to provide them a  
20    super-parity as we call it in some testimony level of  
21    service, but rather give them what we give ourselves, and  
22    that's what our performance measures are designed to  
23    enforce.

24                    Now, as I stated in the opening related to  
25    OSS, we're not coming here suggesting that our performance

1 has been perfect. We're not suggesting that there  
2 weren't areas for improvement or that there still aren't.

3               What we would suggest is that in this  
4 process of negotiating particularly with Socket, that  
5 we've learned a lot and we've implemented a lot of those  
6 changes already, and we have every intention of continuing  
7 that process. And the offer of performance measures is  
8 our bond, if you will, that that's exactly what we'll do.

9               We haven't offered the electronic OSS  
10 access because it is a -- it is an expensive proposition  
11 for us, and it is an expensive proposition for CLECs when  
12 they have to pay for the cost of it. What we have  
13 offered, we think between the intervals and the other  
14 systems, is a way to -- in the other performance measures  
15 is a way to ensure that Socket gets what it is demanding,  
16 in fact, which is parity service.

17              Now, the issues in this panel are what PMs,  
18 not whether PMs; they are dedicated implementation team,  
19 whether or not there should be one; they are whether or  
20 what circumstances a gap closure plan should be; they are  
21 whether there should be an order number thereby hold  
22 before remedies kick in; they are whether Socket should be  
23 held to certain standards in providing accurate orders and  
24 forecasts; and then finally the individual issues are  
25 broken down one by one by one so they can be evaluated

0467

1 more easily.

2                   The good news is I'm not going to go back  
3 and go through all however many performance measures. I  
4 think I'd probably eat up more time than you have any  
5 interest in hearing. But just real briefly on a couple of  
6 those issues, what you'll see the evidence will show on  
7 the dedicated implementation is that our proposal for a  
8 coordinated team is more flexible but provides the kinds  
9 of services that Socket is looking for; that is, someone  
10 who pays attention in the process of implementing the  
11 contract and does what they need to do. What it doesn't  
12 do is dedicate a particular staff to Socket for an  
13 extended period of time.

14                   The gap closure plan, we're not suggesting  
15 that there shouldn't be gap closure plans. If there's a  
16 chronic problem, then it needs to be addressed and it  
17 needs to be addressed well. What we're suggesting there  
18 is that remedies or incentives, as they're called, at a  
19 certain level might be appropriate for a company of SBC's  
20 or Verizon's size, but they're not appropriate for  
21 CenturyTel. And all we've done is reduce rather than  
22 remove the kind of things that are called incentives  
23 there.

24                   We've put in a provision for a number of  
25 orders that must be achieved per month before the remedies

1 kick in. We're not suggesting that we shouldn't meet with  
2 Socket whenever there's a problem, and we've offered up in  
3 the contract a monthly meeting, and if they need more than  
4 that, then that's just a matter of getting a phone call.  
5 But what we think is important is that there be a  
6 statistically significant number of orders placed or  
7 actions taken before the remedies kick in.

8                   If there's a 90 percent or even an  
9 80 percent threshold in the contract or in the performance  
10 measure for performance and Socket provides five orders in  
11 that month, then a single order puts us on the brink of  
12 failure, a single missed commitment, whatever it might be,  
13 and that doesn't make sense. Remember that performance  
14 measures were adopted in the context of the Bell Operating  
15 Company 271 applications and the agreements that they  
16 needed to underlie those applications.

17                   Those, as the testimony shows, cover  
18 millions, if not hundreds of millions of transactions a  
19 year. With that many transactions, a single -- even a  
20 single day or several days of flaws are not going to be  
21 statistically significant. It's going to only deal with  
22 problems that are real problems. It's not going to  
23 identify things that are not.

24                   Now, I think on the specific performance  
25 measures, the record is very clear about the advantages

1 and deficiencies of the various performance measures, and  
2 we urge you to review the record and listen to the  
3 testimony and reach a decision on them. We think that  
4 these performance measures dovetail very well with our  
5 proposal on Article 13 for OSS implementation and for the  
6 other OSS provisions in the various contracts or various  
7 articles of the contract that have been negotiated.

8                   Now, finally addressing what most of  
9 Mr. Magness was talking about was the question of  
10 whether or not collaborative proceedings should be  
11 used to determine the outcome of the performance measures  
12 requests of the parties. It is -- it is true that in the  
13 end many of those measures were agreed, not all of them,  
14 but many of them. However, that was one of the most  
15 resource-intensive operations ever undertaken at the Texas  
16 Commission and probably here as well.

17                   Moreover and perhaps more importantly, it  
18 leaves uncertain and open the gives and takes of the  
19 interconnection agreement that's being determined here.  
20 We would, therefore, urge you to adopt our Article 15 and  
21 its associated tables. Thank you.

22                   JUDGE JONES: Okay. These witnesses have  
23 already been sworn and their testimony has been admitted  
24 so we'll move on to cross-examination.

25                   You may proceed.

1 MR. BROWN: Thank you.

2 STEVEN TURNER, KURT BRUEMMER AND R. MATTHEW KOHLY

3 testified as follows:

4 CROSS-EXAMINATION BY MR. BROWN:

5 Q. Mr. Kohly?

6 (Answers by Mr. Kohly.)

7 A. Yes.

8 Q. Socket has expressed a desire for a  
9 collaborative process for the performance measures; is  
10 that right?

11 A. At this point, yes.

12 Q. And you're -- are you familiar with the  
13 process that was undertaken, I guess, both here and in  
14 Texas on the collaborative process?

15 A. Somewhat. I'm not anticipating one that  
16 would be nearly, as you described it, resource-intensive  
17 because we're looking at a smaller set of measures, many  
18 of which are already borrowed from other agreements.

19 Q. Is that a yes or no as to your familiarity  
20 with the process?

21 A. Somewhat.

22 Q. Are you aware, then, that based upon your  
23 knowledge of the industry at least, that the collaborative  
24 process in Texas and with the carriers in Missouri was --  
25 involved carriers that had millions if not hundreds of

0471

1 millions of transactions involved?

2 A. Yes. Excuse me. Yes.

3 Q. Very, very large volumes of transaction and  
4 involved thousands of performance measures, right?

5 A. I do not know the exact number of measures.  
6 Significantly more than we're proposing here.

7 Q. But you would agree that that process was  
8 very burdensome?

9 A. It was a lengthy, resource-intensive  
10 process. I don't know if it was burdensome or not.

11 Q. I'd like to turn in your rebuttal to  
12 page 2.

13 A. Okay.

14 Q. On page 2 at lines 11 to 17, you talk about  
15 a regulatory review process for each order for  
16 interconnection facilities. Do you see that?

17 A. Yes.

18 Q. Socket does business using contracts with  
19 its customers; is that right?

20 A. I'm not following how that pertains to  
21 regulatory review. Can you please clarify?

22 MR. BROWN: No. Your Honor, I'd just like  
23 him to answer the question.

24 JUDGE JONES: What's your question?

25 MR. BROWN: That Socket operates with

0472

1 contracts with its customers.

2 JUDGE JONES: Just say yes.

3 MR. KOHLY: Yes. I didn't find how it fit  
4 with the testimony you were referencing, so I wasn't clear  
5 what you were asking.

6 BY MR. BROWN:

7 Q. We'll get there in just a minute. Socket  
8 also operates under tariffs, I believe you testified  
9 yesterday?

10 A. Yes, we do.

11 Q. And do those contracts and tariffs set out  
12 the terms and conditions under which Socket will provide  
13 services to its customers?

14 A. Yes.

15 Q. And if one of your large business  
16 customers, say a customer who was contracted to pay you  
17 \$80,000 a month for the services you were providing,  
18 decided after signing that contract that they should only  
19 pay \$1,000 a month, do you think you would be right,  
20 correct, to try and enforce your contract?

21 A. Yes.

22 Q. And that's because you're entitled to  
23 enforce the terms and conditions of your contract, right?

24 A. And tariffs, yes.

25 Q. And your tariffs.



1 JUDGE JONES: While you're at a pause, the  
2 last arbitration I did, I had an attorney asking questions  
3 like, when there are no clouds in the sky, the sky is  
4 blue? Well, yeah. Don't ask questions that we know the  
5 answer to. I know you're trying to hone in on something  
6 and say, why didn't you do this. Don't do that. Just go  
7 ahead and get right to the meat of it.

8 MR. BROWN: Fair enough.

9 BY MR. BROWN:

10 Q. You would agree, wouldn't you, that the  
11 terms and conditions are, therefore, important to both the  
12 contract that you have with your customers just as they  
13 are for the contracts that exist between you and  
14 CenturyTel?

15 A. Yes. They're to protect both the buyer and  
16 seller.

17 Q. And you're certainly entitled to look at  
18 the terms and conditions of your contract whenever your  
19 customer places an order with you or you place -- whenever  
20 your customer places an order with you?

21 A. If the contract allows that, yes.

22 Q. And CenturyTel certainly would be permitted  
23 to have the same right with respect to Socket's orders,  
24 right?

25 A. If the contract permitted a regulatory

1 review, yes.

2 Q. Or if it permitted a review of the order to  
3 see whether or not it complied with the contract?

4 A. Yes.

5 Q. I believe yesterday there was some  
6 testimony about your sales force, a little bit in passing  
7 at least. And you certainly testified in your rebuttal  
8 about forecasts of future sales?

9 A. Yes.

10 Q. Do you have quotas for your sales force?

11 A. I know there are sales goals. I don't know  
12 if there are quotas.

13 Q. Does your sales force sell both Internet  
14 access services and telecommunications services?

15 A. We're selling a combined T1 product. It  
16 has both a data component and a voice component to it.

17 Q. Are there -- but you don't know -- do you  
18 know more than what you put in your testimony about what  
19 the sales goals might be oriented toward?

20 A. No. I mean, I expressed it in my  
21 testimony. As I said in my testimony, we're not to sell  
22 100 EELS and 100 UNE loops. I mean, there are goals to  
23 sell a certain quantity of services.

24 Q. You don't actively market your tariffed  
25 rates, I think you said yesterday; is that right?

0475

1           A.       That's not what I said.

2           Q.       Other than affiliates, do you have any ISP  
3 customers at this time?

4           A.       Yes.

5           Q.       And they are customers of what kind of  
6 services?

7           A.       They would buy PRI services.

8                   MR. MAGNESS: Your Honor, I'm going to  
9 object here. I think this is -- maybe Mr. Brown can link  
10 it up. It seems awfully far afield from performance  
11 measures, and it seems to be recross on issues from  
12 yesterday.

13                   JUDGE JONES: Mr. Brown, do you want to  
14 respond to that?

15                   MR. BROWN: Well, certainly, your Honor.  
16 This testimony is taken out of a portion of Mr. Kohly's  
17 rebuttal that relates to every issue in the case, and I  
18 don't know whether there was a more convenient place to  
19 ask him these questions, but it's under the heading of an  
20 introduction that goes on for pages. And I do think it  
21 relates to the issues of performance measures and whether  
22 or not there's a connection between performance and the  
23 need for or terms of performance measures.

24                   MR. MAGNESS: Your Honor, may I respond?

25                   MR. BROWN: I'm not going to run down this

0476

1 path far. In fact, I'm through with that aspect of it.

2 JUDGE JONES: Why run down it at all if  
3 you're not going to finish it?

4 That's a question. You don't have an  
5 answer? You don't want to respond?

6 MR. BROWN: Your Honor, I'll just move on.

7 JUDGE JONES: Okay.

8 BY MR. BROWN:

9 Q. Mr. Kohly, turning to your testimony,  
10 rebuttal at page 115 beginning at line 11.

11 A. Okay.

12 Q. You've proposed dollar amounts intended to  
13 provide CenturyTel with financial incentive to comply; is  
14 that right?

15 A. That was one of the things taken into  
16 account.

17 Q. And I believe you also testify here that  
18 you don't want specifically compensation for breach; is  
19 that right?

20 A. Yes.

21 Q. That instead you want to provide for  
22 penalties for any errors or failures to perform; is that  
23 right?

24 A. I would disagree with that  
25 characterization. For example, in one of ours, if the

1 interval was minutes, we simply got -- we simply sought  
2 the service order charge we would have paid for that.  
3 Certainly we're no better off. Certainly -- I mean, I  
4 don't consider that a penalty. Now, if it continues to be  
5 breached, then the amount would increase, but I don't look  
6 at that as, the first step, certainly as not being a  
7 penalty.

8 Q. But it's not connected to however much you  
9 might be out in the way of damages; isn't that right?

10 A. No, it is not.

11 Q. Turning to page 116 of your rebuttal.

12 A. Okay.

13 Q. There you criticize CenturyTel's proposed  
14 language on order volumes for the remedies to begin; is  
15 that right?

16 A. Yes, suggest alternatives that can be  
17 offered in place of that.

18 Q. And the proposal that CenturyTel makes is  
19 that there be a volume of 150 orders per month from Socket  
20 or any other -- yeah, from Socket; isn't that correct?

21 A. Yeah, total orders is how I interpreted it.

22 Q. And you also testify on that page that no  
23 one is likely to have more than 150 orders per month in  
24 the terms of the contract which you testified earlier was  
25 three years; is that right?

1           A.       Yes. And I guess perhaps I should have  
2   been a little clearer in this -- in the testimony. I'm  
3   referring to -- the idea of the quantity is that you  
4   have a statistically significant amount so that you can  
5   measure across that without any small sampling.

6                    It would not be -- it would not solve  
7   problems if there were 147 orders for a number port and 3  
8   orders for a T1. You would still have a problem where you  
9   had the three orders for a T1. So I was looking at that,  
10  I was meaning that in the context of a single performance  
11  measure.

12           Q.       Let me approach it this way. You're not  
13  forecasting that the volume of service that Socket will be  
14  providing will require more than 150 orders per month from  
15  CenturyTel over the term of the contract?

16           A.       As this case winds up and we understand  
17  what we'll be operating under, I anticipate going back and  
18  looking at forecasts that will address everything from the  
19  number of EELS we believe we'll have to pay to the number  
20  of number ports. There could be instances where, if you  
21  have to port a block of DID numbers, where you could  
22  exceed 150 very soon, and so it's going to vary by  
23  product.

24           Q.       Now, CenturyTel's section which provides  
25  for the implementation of the remedies when certain order

0479

1 volumes are reached only applies to the remedies; isn't  
2 that correct?

3 A. Yes. At least that is my understanding of  
4 it.

5 MR. BROWN: Pass the panel, your Honor.

6 JUDGE JONES: Natelle Dietrich?

7 Adam McKinnie?

8 MR. McKINNIE: Thank you.

9 QUESTIONS BY MR. McKINNIE:

10 Q. Are you still on page 116 of your rebuttal  
11 by chance?

12 (Answers by Mr. Kohly.)

13 A. I am.

14 Q. Starting at line 11, you read your  
15 observation that having only a small number of  
16 transactions occur each month can create this kind of  
17 result is a legitimate concern, but the solution  
18 CenturyTel offers is not a solution at all?

19 A. Correct.

20 Q. And what solution then would you offer to  
21 that concern?

22 A. I think you could -- there are statistical  
23 tests that you could apply to each measure to deal with  
24 small samples. As I look at their 150 order proposal, you  
25 could end up with a situation where you had 147 number

1 ports in a month, 3 orders for T1s, you missed one of the  
2 -- one of the T1 orders was missed. You could have an  
3 anomaly within that category.

4 I think it could be dealt with with  
5 statistical testing or for purposes of remedies, maybe  
6 let's calculate it to quarterly basis or something to that  
7 effect. I think that is something useful for the parties  
8 to discuss. I understand their concern.

9 Q. Sure. So just to make sure, you're not  
10 objecting to some sort of volume criteria, you're just  
11 objecting to their specific volume criteria?

12 A. I think it's -- I do not mean this to be  
13 rude, but I think it's a sloppy attempt at addressing it.  
14 I think there are more focused ways to address it. I  
15 mean, it's an across-the-board blanket approach.

16 Q. Let me try again.

17 A. All right.

18 Q. Do you object to any volume criteria of  
19 orders?

20 A. No, I do not.

21 Q. So what -- so what we're disagreeing on  
22 here is the number that we are saying might be  
23 statistically significant, either by rolling over orders  
24 through a period of time or through creating a  
25 statistically significant number in one month?



0481

1           A.       Right.

2           Q.       Okay.  And I guess any discussion of what  
3   is a statistically significant amount of numbers, you  
4   would probably want to kick to a collaborative instead of  
5   trying to figure out right here between two economists?

6           A.       I'd certainly love to run and grab a stat  
7   book.  And I think in a collaborative -- I recognize your  
8   concerns.  I think you can address that.  I think it could  
9   be addressed there.

10          Q.       Assuming just for sake of argument that we  
11   go to a collaborative session, what would you propose in  
12   the interim?

13          A.       In the interim, I would recognize there  
14   would be no measures proposed.  I would want a  
15   collaborative to have a defined time frame.  I was  
16   thinking possibly 90 days.  I've not discussed this with  
17   them.  I just -- looking at what's realistic, 90 days  
18   where you have a schedule to follow.  It would be a  
19   mistake to kick to an open-ended one as much as I think it  
20   would be to cut and paste based on what we have.

21          Q.       So what you're advocating in this instance  
22   is that we adopt neither party's Article 15 and kick to a  
23   collaborative?

24          A.       Correct.

25                 MR. MCKINNIE:  Okay.  Thank you.

1 JUDGE JONES: Mr. Henderson?

2 QUESTIONS BY MR. HENDERSON:

3 Q. Mr. Kohly?

4 (Answers by Mr. Kohly.)

5 A. Yes.

6 Q. We're talking about a rating on each PM, is  
7 that correct, on each service? You said T1 versus port  
8 and have a rating for the T1 and a rating for the port,  
9 rating for basic and a rating right on down each service  
10 that you buy?

11 A. That would be one way to do it, because  
12 each different one has a different due date, so particular  
13 services may need to be considered differently than  
14 others. A number port due date may be -- it certainly has  
15 a different interval than a T1 order, which has a 15 day.

16 MR. HENDERSON: Okay. Thank you.

17 JUDGE JONES: Any recross?

18 MR. BROWN: No, your Honor.

19 JUDGE JONES: Any redirect?

20 MR. MAGNESS: Thank you, Judge.

21 REDIRECT EXAMINATION BY MR. MAGNESS:

22 Q. Mr. Kohly, do you believe that there was --  
23 there were things learned in the collaborative process  
24 that involved SBC, AT&T, other carriers in the past that  
25 could help reduce the resource intensiveness of this one?

1                   MR. BROWN: Objection, your Honor. That  
2   calls for speculation. Mr. Kohly already testified that  
3   he didn't know any detail about the collaborative process.  
4   He refused to answer my questions.

5                   MR. MAGNESS: Fair enough. I'll withdraw  
6   the question.

7                   JUDGE JONES: Okay.

8   BY MR. MAGNESS:

9                   Q.       Is Socket -- does Socket have the resources  
10   to participate in a process that was as resource-intensive  
11   as the SBC PM process?

12                  A.       No. We're not looking for that type of  
13   process.

14                  Q.       And from what you understand about SBC  
15   performance measures, and you may have already answered  
16   this, you're not asking for anywhere near as many, right?

17                  A.       No. You see the quantity in our proposal.  
18   There may be one or two additional ones that they propose  
19   that we would look at. They also proposed to delete some  
20   of ours, but the quantity's roughly the same.

21                  Q.       On the -- there were some questions about  
22   forecasts. Do you recall that?

23                  A.       Yes.

24                  Q.       Does Socket provide forecasts concerning  
25   interconnection needs currently?

1           A.       We currently provide quarterly forecasts  
2   for all interconnection facilities to CenturyTel.

3           Q.       Are you required to provide any forecasts  
4   that would more or less show what your sales goals are?

5           A.       No.

6           Q.       Would you be concerned about providing any  
7   such forecasts in a performance measurement context?

8           A.       Certainly sales goals.

9           Q.       And finally on the regulatory review  
10  process that was discussed during cross, what's been your  
11  actual experience with the regulatory review process as  
12  CenturyTel uses it?

13          A.       It is one that has added weeks, months to  
14  orders for interconnection facilities. I don't oppose and  
15  I don't object to any carrier looking at an order to make  
16  sure it's accurate and it's consistent with the agreement,  
17  but it should not be a place for orders to get dead-ended  
18  for a month or two, and that's what we object strenuously  
19  to.

20          Q.       In the process flow diagrams that were  
21  provided in CenturyTel's testimony, is the regulatory  
22  review process reflected there?

23          A.       No, it is not.

24          Q.       Has it been your experience that it is a  
25  standard part of the process?

1           A.       We understand that all of our orders for  
2   interconnection facilities are subject to the regulatory  
3   review process.

4                   MR. MAGNESS:   Thank you, Mr. Kohly.   That's  
5   all I have.

6                   JUDGE JONES:   Okay.   Again, we stopped just  
7   a few minutes short of when I intended to take a break.  
8   So we'll take a break for five minutes and move on to  
9   CenturyTel's witnesses.

10                   (A BREAK WAS TAKEN.)

11                   JUDGE JONES:   We are back on the record in  
12   TO-2006-0299, and we have now CenturyTel's witnesses.   And  
13   all of them have been sworn in, and they've all -- the  
14   testimony that they have submitted has been admitted into  
15   evidence.

16                   I've been told off the record prior to  
17   getting back on the record that Socket has no  
18   cross-examination for the witnesses.   We'll, therefore,  
19   move to witnesses or questions from the panel.  
20   Ms. Dietrich?

21                   MS. DIETRICH:   I just have a couple quick  
22   questions.

23   PAM HANKINS, CARLA WILKES, MAXINE MOREAU, MARION SCOTT,  
24   MIKE ELFORD, BILL AVERA testified as follows:

25   QUESTIONS BY MS. DIETRICH:

1           Q.       Ms. Moreau, can you turn to your direct  
2 testimony, page 20, please?

3                   (Answers by Ms. Moreau.)

4           A.       Yes, I'm there.

5           Q.       In lines 15 through 24, you're talking  
6 about meetings with Socket, and you end at line 2 by  
7 saying, the outcome of these meetings would provide Socket  
8 with substantially the same protections that it seeks by  
9 means of its PMs and remedies until sufficient level of  
10 volumes are achieved. What do you mean by the outcome of  
11 these meetings?

12          A.       What I was saying in my testimony is that  
13 for any performance measures that are not meeting the  
14 level of performance that we have agreed upon, that we  
15 would meet on a regular basis each month, discuss those  
16 performance measures and what we needed to do to get  
17 Century's performance in line with those measures.

18          Q.       So what would the outcome -- what would the  
19 outcome be?

20          A.       What CenturyTel would do internally is look  
21 at its processes and look at ways to enhance those  
22 processes to meet those deliverables that we've committed  
23 to, our intervals that we've agreed to in the performance  
24 measures in our Article 15.

25          Q.       Okay. And then you are proposing that the

1 PMs not be triggered or the remedies not be triggered  
2 until there are 150 orders for three consecutive months;  
3 is that correct?

4 A. That's correct. The reason for that is  
5 that's in the current interconnect agreement with  
6 CenturyTel, so we just carried that same performance on to  
7 this agreement.

8 MS. DIETRICH: Okay. That was my next  
9 question. Thank you.

10 MS. MOREAU: You're welcome.

11 JUDGE JONES: Mr. McKinnie?

12 QUESTIONS BY MR. McKINNIE:

13 Q. Ms. Moreau, I'm -- I think I'm going to  
14 follow up on what Ms. Dietrich was asking there. So would  
15 you object to a different number other than the  
16 150 orders per month or --

17 (Answers by Ms. Moreau.)

18 A. No.

19 Q. -- or a -- or a different time period,  
20 perhaps?

21 A. No. We were perfectly fine with the 150  
22 per month, and that would be all order types combined, not  
23 per product.

24 Q. So that's the one you prefer? You would  
25 not prefer a different number level or per time period,

1 correct?

2 A. We're fine with the monthly and 150.

3 Q. I'm going to address this question to you,  
4 Ms. Moreau, but it may be for somebody else within the  
5 panel.

6 A. Sure.

7 Q. What changes would CenturyTel need to make  
8 to any of its systems in general to meet Article 15 as its  
9 written today? I've heard that Article 15 and Article 13  
10 for CenturyTel -- that's what Mr. Brown kind of indicated  
11 in his opening were kind of -- I believe his words were  
12 kind of tied together.

13 A. That's correct. Give me just one second to  
14 find something in my testimony. First of all, we provided  
15 today a web GUI, and what we have proposed is an  
16 enhancement to that web GUI where we send a-mail  
17 notifications when changes are made to their order.  
18 That's one example of an enhancement to our current OSS.

19 The other thing is we proposed a change to  
20 the 1-800 access number where we would allow them to  
21 bypass some of those recordings. That also is a change.

22 Another thing that we handled was the  
23 regulatory review where Socket had an issue with the time  
24 it took to do the regulatory review. We addressed that  
25 issue with our provisioning intervals, which includes the



0489

1 time for CenturyTel to do that regulatory review. So  
2 we've agreed that from the start when we receive the order  
3 until we provision it, Socket has agreed to the interval  
4 that's built into our performance measure.

5 So that's just a few. I mean, there's  
6 several more. I think they are all included in my  
7 testimony or other people's testimony.

8 Q. Sure. I was just looking to get some  
9 examples. So it looks like No. 1 and No. 2 are going to  
10 incur some costs to CenturyTel to, you know, send out the  
11 e-mail and to establish a 1-800 number?

12 A. Yes.

13 Q. Is CenturyTel looking to recover those  
14 costs from Socket?

15 A. Not to my knowledge at this point.

16 Q. Is it fair to characterize -- let me not  
17 ask that.

18 How would you characterize --

19 A. Uh-huh.

20 Q. -- CenturyTel's Article 15 as offered in  
21 the DPL in terms of the number of iterations it has or  
22 revisions or negotiation, discussion, iterations it has  
23 gone through?

24 A. From CenturyTel's perspective, I would  
25 characterize it as a compromise to try to reach an

1 agreement between the two parties. There are many things  
2 in there that we would prefer not to be tied to, but we  
3 know that we need to reach agreement ultimately so that we  
4 can move forward.

5                   And what we proposed in our Article 15, we  
6 believe that we can achieve that performance with some  
7 modifications to the way we do business today, and we are  
8 looking at those issues and looking at how we can improve  
9 our performance so that we aren't here again.

10           Q.       Mr. Brown seemed to also indicate in his  
11 opening that if we -- if we go to a collaborative, there  
12 were give and takes that would not be taken into account.  
13 So you think there's a significant amount of gives in  
14 CenturyTel's Article 15?

15           A.       Absolutely. And based on what has occurred  
16 in the last several months, I firmly believe that if we go  
17 into a collaborative, we still won't reach agreement on  
18 every issue. And so what we believe is that we have  
19 considered Socket's concerns, we have considered the  
20 capabilities of CenturyTel and reached a fair -- fair  
21 proposal for performance measures where Socket can ensure  
22 that they have ability to compete effectively.

23           Q.       For the sake of arguments -- I'm not a  
24 lawyer, so I can't use the word hypothetical -- let's say  
25 we to go to a collaborative process. If we did for sake

0491

1 of argument to go a collaborative process, what would you  
2 propose that we would go to in the interim?

3 A. I believe we should continue to operate  
4 under the parameters of the old interconnect agreement  
5 that was in place.

6 MR. McKINNIE: Okay. I think that's all I  
7 have. Thank you very much.

8 MS. MOREAU: You're welcome.

9 JUDGE JONES: Mr. Henderson?

10 QUESTIONS BY MR. HENDERSON:

11 Q. Do you have a CLEC website?

12 (Answers by Ms. Moreau.)

13 A. I can't answer that.

14 Q. Where a CLEC goes in -- I understand that  
15 they can go in to, I assume, I guess pull a form up to  
16 send a CSR?

17 A. I'm going to refer that to Carla Wilkes  
18 who's in our IT group. I think she can address the  
19 website we have in place better than I can.

20 MS. WILKES: I'm sorry. Can you repeat the  
21 question?

22 BY MR. HENDERSON:

23 Q. Okay. Do you have a CLEC website where a  
24 CLEC can go and log in and perform different functions?

25 (Answers by Ms. Wilkes.)

1           A.       By CLEC website, you mean a CLEC such as  
2   Socket can come into our website?

3           Q.       Yes.

4           A.       Yes, we do.

5                   MR. HENDERSON:   Okay.   Thank you.

6                   JUDGE JONES:   Okay.   That's all we have  
7   here.   Any recross?

8   RE CROSS-EXAMINATION BY MR. MAGNESS:

9           Q.       Ms. Wilkes, I think the last question  
10   just -- I wanted to be sure I understood.   Is the -- when  
11   you talk about the CLECs being able to come on to the  
12   website, is their access the same as like if I went on the  
13   website?

14                   (Answers by Ms. Wilkes.)

15          A.       Yes.

16          Q.       Okay.   So there's not a specific place on  
17   the site where CLECs can do ordering or provisioning-type  
18   things?

19          A.       No.

20          Q.       Okay.   So it's just like if I got on my  
21   computer and went to Google and put in CenturyTel.com,  
22   that's the kind of access you're talking about?

23          A.       That is correct.   For informational  
24   purposes.   Now, we do have the web GUI that's a separate  
25   website that orders can be entered through.

1           Q.       Okay. But besides the GUI, there's no  
2 other specific website you're talking about at this point?

3           A.       Yeah. I mean, other than there is one, or  
4 you can go over the -- the CLEC or anyone else that has  
5 part of our customer account can go into a My Account and  
6 look at their bill.

7                   MR. MAGNESS: Okay. Thank you.

8                   JUDGE JONES: Any redirect?

9                   MR. BROWN: No, your Honor.

10                  JUDGE JONES: Okay. I guess that does it  
11 for this panel. As we discussed prior to going on the  
12 record, we've -- we are on schedule now and can begin  
13 tomorrow as is scheduled, and the parties have requested  
14 that they have a little additional time and probably work  
15 some issues out, so with that, then, we'll adjourn for  
16 today.

17                  MR. MAGNESS: Your Honor, 8:30 or 9  
18 tomorrow?

19                  JUDGE JONES: Do you think you can finish  
20 this before noon?

21                  MR. MAGNESS: If we start at nine?

22                  JUDGE JONES: Yeah.

23                  MR. MAGNESS: Yes, sir.

24                  JUDGE JONES: Do you think if we start at  
25 8:30 you can finish before 11?

0494

1                   MR. MAGNESS: I think the proper answer is  
2    yes.

3                   JUDGE JONES: Let's go ahead and start at  
4    nine.

5                   WHEREUPON, the hearing of this case was  
6    recessed until April 13, 2006.

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## I N D E X

2

## PANEL NO. 2 - RESALE, UNES AND PRICING

3

## SOCKET'S EVIDENCE:

4

R. MATTHEW KOHLY AND STEVE TURNER

5

Questions by Ms. Dietrich 283

6

Questions by Mr. McKinnie 291

7

Recross-Examination by Mr. Henderson 294

8

Redirect Examination by Mr. Magness 299

9

## CENTURYTEL/SPECTRA'S EVIDENCE:

10

TED HANKINS, KEN BUCHAN, PAM HANKINS, CARLA WILKES, ARTHUR

11

MARTINEZ, WAYNE DAVIS, BILL AVERA, SUE SMITH AND ALFRED

12

BUSBEE

13

Direct Examination by Mr. Hartley 319

14

Cross-Examination by Mr. Magness 329

15

Questions by Ms. Dietrich 358

16

Questions by Mr. McKinnie 365

17

Questions by Mr. Henderson 366

18

Redirect Examination by Mr. Hartley 368

19

Redirect Examination by Mr. Hill 371

20

## PANEL NO. 3 - OSS ORDERING PROVISIONS AND MAINTENANCE

21

Opening Statement by Mr. Magness 373

22

Opening Statement by Mr. Brown 379

23

## SOCKET'S EVIDENCE:

24

STEVEN TURNER, ED CADIEUX, KURT BRUEMMER, R. MATTHEW KOHLY

25

Direct Examination by Mr. Magness 390

26

Cross-Examination by Mr. Brown 394

27

Cross-Examination by Mr. Hill 414

28

Questions by Ms. Dietrich 421

29

Questions by Mr. Henderson 428

30

Recross-Examination by Mr. Brown 430

31

Recross-Examination by Mr. Hill 438

32

Redirect Examination by Mr. Magness 439

33

34

1		
2	GUY MILLER, PAM HANKINS, CARLA WILKES, MAXINE MOREAU,	
	MARION SCOTT, MIKE ELFORD, TED HANKINS AND BILL AVERA	
3	Direct Examination by Mr. Hill	445
	Cross-Examination by Mr. Magness	448
4	Questions by Ms. Dietrich	449
	Questions by Mr. Henderson	453
5	Redirect Examination by Mr. Brown	455
6		
7	PANEL NO. 4 - PERFORMANCE MEASUREMENT	
8	Opening Statement by Mr. Magness	457
	Opening Statement by Mr. Brown	463
9		
	SOCKET'S EVIDENCE:	
10		
	STEVEN TURNER, KURT BRUEMMER, R. MATTHEW KOHLY	
11	Cross-Examination by Mr. Brown	470
	Questions by Mr. McKinnie	479
12	Questions by Mr. Henderson	482
	Redirect Examination by Mr. Magness	482
13		
	PAM HANKINS, CARLA WILKES, MAXINE MOREAU, MARION SCOTT,	
14	MIKE ELFORD, BILL AVERA	
	Questions by Ms. Dietrich	485
15	Questions by Mr. McKinnie	487
	Questions by Mr. Henderson	491
16	Recross-Examination by Mr. Magness	492
17		
18		
19		
20		
21		
22		
23		
24		
25		



1	EXHIBITS INDEX	RECEIVED
2		
3	EXHIBIT NO. 6	
4	CenturyTel's Responses to Socket Telecom's	
5	First Set of Data Requests	318
6	EXHIBIT NO. 7HC	
7	Missouri Loop Cost Model	318
8	EXHIBIT NO. 8	
9	MCDC Highlights	358
10	EXHIBIT NO. 9	
11	QuickFacts From US Census Bureau	358
12	EXHIBIT NO. 10	
13	St. Charles County Master Plan	358
14	EXHIBIT NO. 11	
15	Columbia QuickFacts from US Census Bureau	358
16	EXHIBIT NO. 12	
17	Telephone Exchanges Recognized with	
18	Competitive Status	358
19	EXHIBIT NO. 13	
20	Shareholder Communication	358
21	EXHIBIT NO. 14	
22	Rebuttal Testimony of Edward J. Cadieux	391
23	EXHIBIT NO. 15	
24	Direct Testimony of Kurt Bruemmer	393
25	EXHIBIT NO. 16/16HC	
26	Rebuttal Testimony of Kurt Bruemmer	393
27	EXHIBIT J/J-HC	
28	Direct Testimony of Kenneth W. Buchan	320
29	EXHIBIT K	
30	Rebuttal Testimony of Kenneth W. Buchan	320
31	EXHIBIT L	
32	Direct Testimony of Alfred Busbee	321
33	EXHIBIT M	
34	Rebuttal Testimony of Alfred Busbee	321

0498

1	EXHIBIT N/N-HC	
	Direct Testimony of Pam Hankins	322
2		
	EXHIBIT O/O-HC	
3	Rebuttal Testimony of Pam Hankins	322
4		
	EXHIBIT P/P-HC	
	Direct Testimony of Ted M. Hankins	324
5		
	EXHIBIT Q	
6	Rebuttal Testimony of Ted M. Hankins	324
7		
	EXHIBIT R	
	Attachment to Article VII - Pricing	324
8		
	EXHIBIT S/S-HC	
9	Direct Testimony of Carla Wilkes	327
10		
	EXHIBIT T/T-HC	
	Rebuttal Testimony of Carla Wilkes	327
11		
	EXHIBIT U	
12	Direct Testimony of Arthur P. Martinez	328
13		
	EXHIBIT V/V-HC	
	Rebuttal Testimony of Arthur P. Martinez	328
14		
	EXHIBIT X	
15	Direct Testimony of Michael L. Elford	446
16		
	EXHIBIT Y	
	Rebuttal Testimony of Michael L. Elford	446
17		
	EXHIBIT Z/Z-HC	
18	Direct Testimony of Maxine Laird Moreau	447
19		
	EXHIBIT AA/AA-HC	
	Rebuttal Testimony of Maxine Laird Moreau	447
20		
	EXHIBIT BB	
21	Direct Testimony of Marion Scott	448
22		
	EXHIBIT CC/CC-HC	
	Rebuttal Testimony of Marion Scott	448
23		
24		
25		