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May 19, 2003

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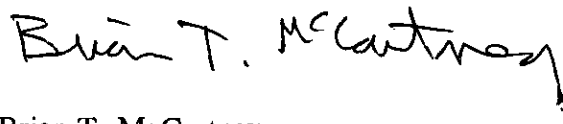
Re: Case No. TO-2001-391

Dear Mr. Roberts:

Enclosed for filing on behalf of Cass County Telephone Company, Lathrop Telephone Company, and Orchard Farm Telephone Company, please find an original and eight (8) copies of a Statement of Position.

Please see that this filing is brought to the attention of the appropriate Commission personnel. I thank you in advance for your cooperation in this matter.

Sincerely,



Brian T. McCartney

BTM/lar

Enclosure

cc: Parties of Record

FILED⁴
MAY 19 2003
Missouri Public
Service Commission

FILED⁴
MAY 19 2003

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

*Missouri Public
Service Commission*

In the Matter of a Further Investigation of)
the Metropolitan Calling Area Service)
after the Passage and Implementation of)
the Telecommunications Act of 1996.)

Case No. TO-2001-391

**STATEMENT OF POSITION OF CASS COUNTY TELEPHONE COMPANY,
LATHROP TELEPHONE COMPANY, AND
ORCHARD FARM TELEPHONE COMPANY**

COME NOW Cass County Telephone Company, Lathrop Telephone Company,
and Orchard Farm Telephone Company (hereinafter collectively referred to as "Cass
County et al."), pursuant to the Commission's *Orders* of April 7, 2003 and May 5, 2003,
and for their *Statement of Position*, state to the Commission as follows:

STATEMENT OF POSITIONS

- 1. Based on the instant record, is it necessary or appropriate to modify or
alter the existing MCA plan?**

No. There is no compelling record evidence that the current MCA service is not
adequately meeting the needs of customers in Missouri's metropolitan areas. Rather,
MCA service is quite popular in Missouri's metropolitan areas. Cass County et al. are
not adverse to exploring improvements and modifications to the existing MCA service,
but no action should be taken without a full and complete understanding of all the
consequences of such action. Cass County et al. are concerned that tinkering with the
existing MCA plan might actually diminish its value to customers or even worse, lead to
the elimination of the MCA plan. The current MCA plan represents a delicate balance

of a government mandated expanded local calling plan (developed in a predominantly monopoly environment) against a long term policy goal of allowing competition to develop and flourish in the intrastate telecommunications market. Based on the instant record, there is simply not enough information about vital issues such as pricing (including revenue neutrality) to allow the Commission to alter or expand the MCA Plan at this time.

2. If so, what specific modifications or alterations are necessary or appropriate given the record in this case?

Cass County et al. do not believe that any alteration or modification of the MCA Plan is necessary or appropriate at this time given the record in this case.

a. Does the Commission have the authority to modify the MCA Plan?

Yes. However, the Commission's authority to establish or modify expanded calling plans is strictly limited by Missouri case law and statutory provisions. Any expanded calling plan mandated by the Commission must be supported by competent and substantial evidence that customer needs are not being met, and any Commission-mandated plan must be revenue neutral to all companies affected.

1. If the Commission has the authority to modify the MCA Plan, is it necessary or appropriate to do so?

No. (See response to Issue No. 1 above.)

2. If the Commission has the authority to modify the MCA Plan and it is necessary or appropriate to do so, should the Commission order implementation of MCA-2?

No. MCA-2 does not have adequate support in the record, and it

raises a host of rate design problems, such as the “looking over the fence” problem.

3. If the Commission orders implementation of MCA-2, what carriers would be subject to the Commission’s order?

Assuming the Commission does implement MCA-2, then all incumbent local exchange companies (ILECs) are subject to the Commission’s order. In addition, Competitive Local Exchange Companies (CLECs) would be subject to the Commission’s order to the extent that they choose to offer MCA service as required by the Commission’s order. Other competitive companies, such as interexchange carriers (IXCs), will be affected by any changes to Commission-mandated calling plans. Commercial Mobile Radio Service (CMRS or “wireless”) carriers would not be subject to the Commission’s order.

b. If the Commission orders implementation of MCA-2, what are the appropriate rates?

There is no evidence in the record that would address or support the appropriate rates for Staff’s MCA-2 proposal.

c. Is revenue neutrality required or appropriate for all carriers (i.e. price cap carriers, rate of return regulated carriers, competitive carriers, etc.) if the Commission implements revenue impacting changes to the MCA, such as MCA-2?

Revenue neutrality is both required and appropriate for rate of return regulated carriers. The Commission should also consider the revenue impacts to other carriers, such as IXCs, that will be affected by any changes to a Commission-mandated calling plan in a competitive environment. The doctrine of revenue neutrality ensures that Commission decisions concerning the provision of public utility service do not adversely affect a public utility company's regulated revenue stream. Thus, when a Commission decision affects a public utility company's existing revenue stream, the Commission must allow that company to maintain revenue neutrality. The Commission has regularly provided for revenue neutrality in telecommunications provisioning orders, and revenue neutrality has been consistently enforced by the Cole County Circuit Court.

1. If revenue neutrality is required or appropriate, how should revenue neutrality be implemented?

There is no evidence in the record at this time about the proper mechanism for revenue neutrality.

2. Are implementation costs required or appropriately included as a part of revenue neutrality?

Yes. To the extent the implementation costs are significant, they should be included as a part of the revenue neutrality adjustment.

For example, when the Commission ordered the implementation of

intraLATA dialing parity (ILDPA), the Commission allowed Missouri's ILECs to recover their associated implementation costs.

- d. **Are there additional financial impacts to consider if the MCA is modified?**

The Commission should also consider the revenue impacts to other carriers, such as IXCs, that will be affected by any changes to a Commission-mandated calling plan in a competitive environment.

- e. **Should wireless carriers be allowed to fully participate in the MCA Plan?**

No. The Commission has no authority over the rates, terms, and conditions under which wireless carriers provide service, so the Commission cannot ensure that the wireless carriers will play by the same rules as ILECs.

1. **Is revenue neutrality required or appropriate for all carriers (i.e. price cap carriers, rate of return carriers, competitive carriers, etc.) if wireless carriers are allowed to fully participate in the MCA Plan?**

Revenue neutrality is required for rate of return carriers. Cass County et al. have no position at this time as to other carriers.

- f. **Should MCA be available to pay phones, resellers, and aggregators?**

No. In the original MCA order, the Commission determined that MCA would not be made available to pay phones, resellers, or aggregators.

There is no compelling record evidence that the present restrictions on these types of carriers have been a problem.

- 1. Is revenue neutrality required or appropriate for all carriers (i.e. price cap carriers, rate of return carriers, competitive carriers, etc.) if MCA service is made available to pay phones, resellers, and aggregators.**

Revenue neutrality is required for rate of return carriers. Cass County et al. have no position at this time as to other carriers.

- g. Does the Commission have the authority to make tier 3 (or any optional tier) of the current MCA mandatory?**

Possibly, but it is questionable whether the Commission has, or should exercise, the authority to mandate an expanded calling plan in a competitive environment. Also, there is no evidence in the record at this time to suggest that the needs of the non-MCA customers in tier 3 are not being met.

- 1. If so, should tier 3 of the current MCA be made mandatory?**

No. Generally speaking, it is not appropriate to mandate an expanded calling plan in a competitive environment, particularly where there is no evidence that those customers living in the MCA tier 3 area want the service forced upon them.

- h. Should MCA subscribers in the optional MCA tiers be allowed to call all telephone numbers in the mandatory MCA areas, regardless of the type of service offered in the mandatory tier?**

Yes. If the NPA/NXX is located in the mandatory MCA areas, then subscribers in the optional tiers should be allowed to place a call to that NPA/NXX using their MCA service. For example, Cass County et al. are presently making CLEC and wireless NPA/NXXs, which are located in the mandatory MCA areas, available to call with the MCA service.

i. Should the current MCA be expanded to include a tier 6 MCA area (or tier 3 in Springfield)?

No. First, it is questionable whether the Commission has, or should exercise, the authority to mandate expanded calling plans in a competitive environment. Second, there is no record evidence to demonstrate that it is desirable to create additional MCA tiers or what the financial impact of such a decision might be.

3. Is the LERG an appropriate mechanism to identify the MCA NXX codes in the future?

No. The Local Exchange Routing Guide ("LERG") tables will not solve the administrative problems with the MCA NXX codes because many companies receive the LERG table updates at different intervals (e.g. monthly, quarterly, or yearly). In addition, these tables may be abused if not properly overseen. MCA NXXs should be centrally administered by a neutral third party, such as the Commission's Staff. Central administration of MCA NXXs by a neutral third party will facilitate CLEC participation in the MCA plan. It will allow for fewer customer complaints, greater customer satisfaction, and reduced confusion among the industry. The Commission will likely be involved in the establishment of any new MCA NXX's, and the Commission is in the

best position to know whether a CLEC has filed the appropriate MCA tariffs and is properly providing MCA service. Therefore, it would be appropriate for the Commission's Staff to administer the MCA NXX codes and notify all parties participating in the MCA of new NXX codes that qualify for MCA service.

a. Should LERG "J" codes be used as the proper optional MCA NXX identifier?

No. Some carriers are using LERG "J" codes not just for MCA service, but for other expanded calling services. Therefore, it would be inaccurate and confusing to use LERG "J" codes as an MCA NXX identifier.

b. Should LERG "J" codes be used to designate NXX codes in the mandatory MCA areas?

No. See Answer to Issue 3(a) above.

4. If the Commission does not change the way NXX codes are currently allocated for MCA service, what if any action should the Commission take regarding the NANPA's denial of MCA NXX codes to the local exchange carriers?

If a LEC is denied NXX codes, then the LEC should petition the Commission for support to override the NANPA's denial of the NXX codes.

5. Should MCA traffic be carried on separate trunk groups?

Some MCA traffic is carried over common trunk groups that commingle the MCA traffic with other interexchange traffic, such as IXC traffic and wireless traffic.

Therefore, it is difficult to identify the "non-billable" MCA traffic and distinguish it from the other billable traffic that is delivered over the common trunk groups. Placing MCA

traffic on separate trunk groups is one way to solve this problem. However, there is no evidence in the record at this time that would allow the Commission to make a finding about the cost of requiring MCA traffic to be delivered over separate trunk groups.

An alternative to separate trunk groups is to require that all carriers participating in the MCA Plan to: (1) create adequate billing records to identify their MCA traffic; and (2) pass such records to all carriers along the call path.

6. At present, OPC has requests for public hearings pending in response to requests to expand or modify MCA for (A) Lee's Summit/Greenwood, (B) Wright City/Innsbrook, (C) Lexington, and (D) Ozark/Christian County. Should the Commission schedule public hearings for these areas to obtain current customer sentiment for MCA?

Not at this time. It is clear that some residents of these communities are interested in expanded calling plans. However, there is simply not enough information at this time to provide any more "customer sentiment" information beyond that which is presently indicated. Without any specific boundary, pricing, and/or calling scope proposals to present to the residents in these areas, it is unlikely that the Commission could obtain any more specific customer sentiment information.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was mailed, United States Mail, postage prepaid, this 19th day of May, 2003, to:

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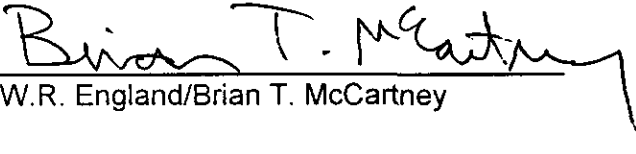
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Respectfully submitted,

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