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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS
Stipulation & Agreement Hearing
February 21, 2006
Jefferson City, Missouri
Volume 5

In the Matter of a Request for)
Expansion of the St. Louis)
Metropolitan Calling Area Plan to)
Include the Exchanges of) Case No. TO-2005-0141
Washington, Union, Wright City,)
St. Clair, Marthasville, Beaufort,)
Foley and Warrenton)

NANCY M. DIPPELL, Presiding,
SENIOR REGULATORY LAW JUDGE.
JEFF DAVIS, Chairman,
CONNIE MURRAY,
STEVE GAW,
ROBERT M. CLAYTON,
LINWARD "LIN" APPLING,
COMMISSIONERS.

REPORTED BY:
KELLENE K. FEDDERSEN, CSR, RPR, CCR
MIDWEST LITIGATION SERVICES

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APPEARANCES:

PAUL G. LANE, General Counsel - Missouri
MIMI MACDONALD, Attorney at Law
SBC Missouri
One SBC Center, Room 3520
St. Louis, MO 63101
(314)235-4300

FOR: Southwestern Bell Telephone, LP
d/b/a SBC Missouri.

BRIAN T. McCARTNEY, Attorney at Law
Brydon, Swearngen & England, P.C.
312 East Capitol
P.O. Box 456
Jefferson City, MO 65102-0456
(573)635-7166

FOR: Fidelity Telephone Company.
Orchard Farm Telephone Company.

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

FOR: CenturyTel of Missouri, LLC.
Spectra Communications Group, LLC.
d/b/a CenturyTel.

CRAIG JOHNSON, Attorney at Law
1648A East Elm
Jefferson City, MO 65101
(573)632-1900

FOR: MITG.

MICHAEL DANDINO, Deputy Public Counsel
P.O. Box 2230
200 Madison Street, Suite 650
Jefferson City, MO 65102-2230
(573)751-4857

FOR: Office of the Public Counsel
and the Public.

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1 MARC D. POSTON, Senior Counsel
P.O. Box 360
2 200 Madison Street
Jefferson City, MO 65102
3 (573) 751-3234

4 FOR: Staff of the Missouri Public
Service Commission.

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

2 JUDGE DIPPELL: This is Case
3 No. TO-2005-0141, in the matter of a request for expansion
4 of the St. Louis metropolitan calling area plan to include
5 the exchanges of Washington, Union, Wright City,
6 St. Clair, Marthasville, Beaufort, Foley and Warrenton.

7 We came here today for a stipulation
8 hearing, basically, but also to get some information about
9 the part of this case that is not in the Stipulation &
10 Agreement. My name is Nancy Dippell. I'm the Regulatory
11 Law Judge assigned to this matter, and we'll begin with
12 entries of appearance. Can we begin with Staff?

13 MR. POSTON: Marc Poston for the Staff of
14 the Commission.

15 JUDGE DIPPELL: Office of the Public
16 Counsel?

17 MR. DANDINO: Michael Dandino, Office of
18 the Public Counsel, Post Office Box 2230, Jefferson City,
19 Missouri, 65102, representing the Office of Public Counsel
20 and the public.

21 JUDGE DIPPELL: Mr. Dority?

22 MR. DORITY: Thank you, Judge. Larry W.
23 Dority with the law firm Fischer & Dority, PC. Our
24 address is 101 Madison, Suite 400, Jefferson City,
25 Missouri 65101, appearing on behalf of CenturyTel of

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1 Missouri, LLC, and Spectra Communications Group, LLC,
2 doing business as CenturyTel.

3 JUDGE DIPPELL: Ms. MacDonald?

4 MS. MacDONALD: I'm Mimi MacDonald. I
5 represent Southwestern Bell, LP --

6 JUDGE DIPPELL: Is your mic on?

7 MS. MacDONALD: Sorry. Doing business as
8 AT&T Missouri. Our address is One SBC Center, Room 3510,
9 St. Louis, Missouri 63101.

10 JUDGE DIPPELL: Mr. McCartney?

11 MR. McCARTNEY: Thank you, your Honor.

12 Brian McCartney with the law firm Brydon, Swearingen &
13 England, PC, 312 East Capitol Avenue, Jefferson City,
14 Missouri 65101, appearing today on behalf of Fidelity
15 Telephone Company and Orchard Farm Telephone Company.

16 JUDGE DIPPELL: Mr. Johnson?

17 MR. JOHNSON: Thank you, your Honor. Craig
18 Johnson, 1648A East Elm, Jefferson City, Missouri 65101,
19 appearing today on behalf of the Missouri Independent
20 Telephone Company Group.

21 JUDGE DIPPELL: Okay. I'd like to begin
22 today with opening statements, and we're going to begin
23 with Mr. Dandino.

24 MR. DANDINO: Do you me here or --

25 JUDGE DIPPELL: Either place you're

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1 comfortable.

2 MR. DANDINO: Thank you, your Honor. May
3 it please the Commission?

4 This case, this particular case has its
5 origin on November 22nd, 2004, but in reality it has had
6 its origin much, much earlier than this. The whole issue
7 of MCA, especially since the passage of the Federal
8 Telecommunications Act of 1996 and Senate Bill 527, since
9 that time, there has been a number of cases, and I can't
10 quite remember the numbers, but they were -- all I
11 remember is they were very comprehensive and they were
12 open very long. We had public hearings, many rounds of
13 briefing legal issues and technical issues, and still I --
14 still I think we weren't able to address some of the needs
15 of the -- of consumers.

16 I believe it was in 2003 when SBC, at that
17 time SBC withdrew the Local Plus offering they were making
18 and made changes to it, that we had -- the office of
19 Public Counsel received a number, I think it was some
20 200 complaints from customers that said we want something
21 done, we want a calling -- a calling plan. This also came
22 on the heels of the end of COS, community optional
23 service, after -- once again after competitive --
24 competitive statutes.

25 We arrive here today because I think the

1 Commission has responded to the request of the -- of the
2 communities by holding public hearings, by listening to
3 what they have to say. We are here because the companies
4 have expressed a willingness to cooperate with the Office
5 of Public Counsel and the Staff to try to resolve this
6 matter.

7 It is -- it is certainly true that SBC/AT&T
8 and CenturyTel and the Office of Public Counsel do not
9 share the same beliefs about what should be happening. I
10 think it is worth -- and probably even the Staff, they've
11 often disagreed with the Office of Public Counsel. But I
12 think we've all made an effort to bring to the table a
13 Stipulation & Agreement that will help the people in the
14 area of Washington, Union, St. Clair and Foley, and--
15 talking about specifically the SBC exchanges.

16 Ms. MacDonald and SBC/AT&T has cooperated
17 with the Office of Public Counsel, and they have -- they
18 have decided to implement what the Office of Public
19 Counsel proposed by adding a tier -- or by incorporating
20 at least those exchanges into Tier 5. We had requested a
21 new Tier 6 at the same rate as Tier 5, but they prefer to
22 do it as a Tier 5, and, of course, the Office of Public
23 Counsel has no objection to that.

24 You'll recall at the public hearings we had
25 in Washington, Missouri, Senator Griesheimer spoke about

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1 what the community needs, especially the business
2 community. They needed the two-way calling, and he called
3 this a good first step. And we're not here to talk about
4 what's down the road on this. We think this is a good
5 first step. This is a good -- good and just and
6 reasonable offering for the people of those exchanges.

7 It may not solve all their problem.
8 Especially there's some concerned with the residential,
9 and SBC/AT&T has offerings which are more economical.
10 This settlement at least gives the consumer a choice, and
11 that's what competition is about. That's what the new era
12 of telecommunications is. At least they have a choice,
13 and they can select from this or they can select from the
14 offerings of SBC.

15 Also at the public hearing we heard that
16 there was maybe some reservation with residential for
17 this, but certainly the business community needed
18 something like this. And I think this is a -- this is a
19 very good response to that.

20 Let me shift to -- as that, I would
21 certainly request this Commission to approve this
22 Stipulation & Agreement.

23 Let me switch just briefly to CenturyTel.
24 Once again, thank them for their cooperation, and we've
25 been working on this a considerable long time, and we

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1 haven't quite nailed down all the final items. One of the
2 first expressions I heard when I came here in
3 telecommunications was that the devil is in the details,
4 and that is certainly true, well, with anything.

5 So we'd rather not discuss even the
6 concepts of where we are on the CenturyTel matter because
7 it's still subject to any last-minute negotiations and
8 finalizing it. But I believe that Mr. Dority can confirm
9 this or speak to this. We're going to try to get a final
10 Stipulation & Agreement out to all the parties and also
11 filed with the Commission by next week, let's say a week
12 from today or Wednesday.

13 Once again, I think that the companies and
14 the Office of Public Counsel and the Staff are trying to
15 present to the Commission a solution, a resolution that
16 can act in the public interest and serve the people of
17 these communities. Thank you.

18 JUDGE DIPPELL: Mr. Poston, would you like
19 to go ahead and go next or would you prefer to wait until
20 after the telecos?

21 MR. POSTON: I can go next. That's fine.
22 Staff supports the Stipulation & Agreement. As
23 signatories, we did file Suggestions in Support, and I'll
24 just briefly summarize what we had in our suggestions.

25 We stated that we support it because first

1 it's consistent with the Commission's orders regarding MCA
2 service. Second, it satisfies OPC's final recommendation
3 or petition for expanded calling. Third, it's acceptable
4 to AT&T, the ILEC serving these areas. Fourth, it appears
5 to meet the public's request for expanded calling in these
6 areas. And lastly, it's not opposed by any non-signatory
7 party.

8 With me today are -- Bill Voight's in the
9 back, and Mike Scheperle is up front here with me, and
10 both are available to answer questions the Commission may
11 have, and that's all I have right now. Thank you.

12 JUDGE DIPPELL: Thank you. Ms. MacDonald?

13 MS. MacDONALD: Thank you, your Honor.

14 First I would like to thank Mr. Dandino for calling us
15 cooperative, and we do support and respectfully request
16 that you approve the Stipulation & Agreement.

17 I want to clarify just a couple of things
18 about the Stipulation & Agreement. Mr. Dandino confused
19 the exchanges. Our exchanges are Beaufort, St. Clair,
20 Union and Washington, and those are the ones that are part
21 of the stipulation. Foley is not.

22 And basically the terms of the
23 Stipulation & Agreement are as follows: Our exchanges,
24 Beaufort, St. Clair, Union and Washington, would be added
25 to the existing Tier 5 of the MCA. All the terms and

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1 conditions that are part of MCA service would apply unless
2 otherwise specifically set forth in the Stipulation &
3 Agreement.

4 The subscription to MCA service in these
5 exchanges would be an optional service, and customers
6 would pay an additive for the service and any other EAS
7 charges where the EAS charges actually expand their
8 calling scope beyond what would normally be provided by
9 MCA service.

10 The traffic for -- the intercompany
11 compensation for the traffic would be bill and keep
12 intercompany compensation, and AT&T Missouri would offer
13 this service at an initial price of 32.50 for residential
14 customers and 70.70 for business customers. We would use
15 the LERG to identify the NXX codes that would be part of
16 this service.

17 And that's a basic overview of the program,
18 and if you have any questions, I would be more than happy
19 to answer them.

20 JUDGE DIPPELL: Thank you. Mr. Dority?

21 MR. DORITY: Thank you, Judge. To echo
22 Mr. Dandino's remarks regarding the CenturyTel of Missouri
23 exchanges, prior to and certainly subsequent to the public
24 hearing held in Innsbrook, Missouri on January 18th of
25 this year, the Office of Public Counsel and CenturyTel

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1 have been working to resolve these issues relevant to the
2 CenturyTel exchanges of Foley, Marthasville, Warrenton and
3 Wright City.

4 I know we have been providing status
5 reports, and I certainly appreciate the Commission's
6 indulgence as we've tried to work through these very
7 complicated issues. As Mr. Dandino indicated, we have
8 reached a resolution in principle regarding not only those
9 CenturyTel exchanges but we have added one exchange, and
10 that would be Holstein, to the mix. So we're really
11 talking about five CenturyTel of Missouri exchanges now
12 that would be addressed in our proposed resolution.

13 That resolution has been reduced to
14 writing. It is being reviewed by our respective clients.
15 As Mr. Dandino indicated, we hope to be able to reach a
16 firm resolution and share that with the other parties to
17 this case, and it's my intention to certainly try and have
18 a Stipulation & Agreement filed with the Commission within
19 a week from today.

20 And I don't see any reason at this point
21 why we can't be able to meet that goal. But like I say,
22 we have not had the opportunity to share this with the
23 other parties to the case, and I certainly want to give
24 them that opportunity and involved in the discussions.
25 But I can commit to you that we will do everything in our

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1 power to bring something to the table within the week.

2 JUDGE DIPPELL: Mr. Dority, can you just
3 tell me where in relation to the other exchanges Holstein
4 is located?

5 MR. DORITY: It's contiguous to those other
6 exchanges.

7 JUDGE DIPPELL: To the west?

8 MR. DORITY: I believe it's to the north.
9 It's south. South and west. Excuse me.

10 JUDGE DIPPELL: Okay. Thank you.

11 Mr. McCartney, did you have anything you'd like to --

12 MR. McCARTNEY: No, thank you, your Honor.
13 Just that my clients do not oppose the AT&T stipulation,
14 as mentioned by Mr. Poston, and we waive our opening
15 statement.

16 JUDGE DIPPELL: Mr. Johnson?

17 MR. JOHNSON: Same for me. Thank you.

18 JUDGE DIPPELL: All right. Then I guess
19 we'll begin with Commission questions, and I'll tell the
20 Commissioners if -- why don't we begin actually with
21 questions for CenturyTel and get any questions we might
22 have about what Mr. Dority and Mr. Dandino said about the
23 status of that out of the way before we go into the
24 Stipulation & Agreement itself.

25 Commissioner Murray, did you have any

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1 questions?

2 COMMISSIONER MURRAY: I don't have any at
3 this time. Thank you.

4 JUDGE DIPPELL: Thank you. Commissioner
5 Gaw?

6 COMMISSIONER GAW: Are you just limiting
7 this, you say, to CenturyTel?

8 JUDGE DIPPELL: If you don't mind, and then
9 we'll -- if you had questions for CenturyTel at this time.

10 COMMISSIONER GAW: No. That's all right.
11 I'll wait. Thanks.

12 JUDGE DIPPELL: Commissioner Clayton, did
13 you have any questions for CenturyTel?

14 COMMISSIONER CLAYTON: I've got questions
15 for CenturyTel and the others, and I'd rather do it all
16 together.

17 COMMISSIONER APPLING: No questions at this
18 time.

19 JUDGE DIPPELL: All right. We'll open it
20 back up then. Commissioner Murray, anything for
21 Southwestern Bell?

22 COMMISSIONER MURRAY: I pass.

23 JUDGE DIPPELL: Commissioner Gaw?

24 COMMISSIONER GAW: Okay. Thanks. I'm not
25 going to say anything complimentary, I think, about AT&T's

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1 cooperative nature for fear of being called confused,
2 but -- I'm just kidding.

3 So let me ask you -- let me ask you this:
4 From the standpoint of this -- this particular expansion
5 with AT&T, clear something up for me. Is this a part --
6 is this now an expansion of a tier or is it a new tier?

7 MS. MacDONALD: It's an expansion of a
8 tier. The exchanges of Beaufort, St. Clair, Union and
9 Washington would be incorporated into Tier 5 of the
10 existing MCA service.

11 COMMISSIONER GAW: And the price for that
12 is the same as the current existing price for those who
13 are currently in that tier?

14 MS. MacDONALD: That's correct.

15 COMMISSIONER GAW: So is there any other --
16 any other distinction between -- between these additional
17 exchanges and what they will be paying or the service they
18 will be getting and what is currently existing in that
19 tier?

20 MS. MacDONALD: No, there is not.

21 COMMISSIONER GAW: So it's just an
22 expansion of that tier, the pricing is the same, and if
23 there would be some sort of change in that price, it would
24 be for the entire tier?

25 MS. MacDONALD: Well, I don't know that I

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1 could say that the change in the price would be for the
2 entire tier because I don't know what the future will
3 bring, and we would have to pay attention to what our
4 pricing statutes would provide. Not all the exchanges are
5 the same.

6 But generally speaking, as it's going to be
7 implemented, it will be the same as all other MCA Tier 5
8 customers.

9 COMMISSIONER GAW: Okay. Now you call me
10 confused if you'd like.

11 MS. MacDONALD: Okay.

12 COMMISSIONER GAW: So within a tier it is
13 AT&T's position that you could in the future vary the
14 price of MCA service within one single tier from one
15 exchange to another?

16 MS. MacDONALD: I believe that's correct,
17 under the price cap statute.

18 COMMISSIONER GAW: Explain that to me.

19 MS. MacDONALD: Well, if it's a
20 competitively classified exchange, we have the ability to
21 respond to the marketplace and to the competitive
22 environment, so the prices could be increased or lowered
23 as necessary. If it's not a competitive exchange, then we
24 would have to make our pricing decision consistent with
25 392.245.

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1 COMMISSIONER GAW: Okay. So when you said
2 pursuant to the price cap statute, you weren't really
3 talking about the price cap mechanism when you're talking
4 about competitive -- competitive classified exchanges?

5 MS. MacDONALD: Well, I think I was,
6 because it's 392.245 subsection 6 that says that if the
7 services of an ILEC are classified as competitive.

8 COMMISSIONER GAW: That's not price cap to
9 me. So when you're talking about price cap, the price cap
10 mechanism. Price cap mechanism refers to allowing prices
11 to go up by a certain percent every year.

12 In that event, if an exchange is under
13 price cap, can you vary that exchange from other exchanges
14 under price cap in that tier?

15 MS. MacDONALD: I believe that we probably
16 could, but generally speaking, I mean, we refer to 392.245
17 as the price cap statute. But even if you're talking only
18 about the subsection --

19 COMMISSIONER GAW: I understand. If you
20 wish to be correct on that, I'll allow you to be correct.

21 MS. MacDONALD: Well, I just want to be --

22 COMMISSIONER GAW: I'm just trying to
23 clarify for purposes of communicating with you, when you
24 say something is price cap, what you're referring to.

25 MS. MacDONALD: Right.

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1 COMMISSIONER GAW: So what I'm asking you
2 is, under the price cap mechanism, which to me is -- and I
3 want you to answer this according to what I'm trying to
4 define this as for my purposes of whether I understand
5 your answer. If an exchange is only permitted -- the ILEC
6 in that exchange is only permitted to raise its prices
7 according to the -- whether it's basic service, it's basic
8 service according to the change in the mechanism on what
9 the cost of living is or if it's non-basic services
10 according to the price cap mechanism which is now
11 5 percent, I believe, can an exchange within a tier be
12 varied from the increase in another exchange in that tier
13 subsequent to this agreement in this particular -- in
14 these particular exchanges?

15 MS. MacDONALD: I believe that it probably
16 could, but I would have to further evaluate that because
17 to date we've never changed the price for MCA service
18 since 1992 when it was implemented. And I can honestly
19 say, I know of no plan to change the rate once it is
20 implemented.

21 But as I said, we would have to be able to
22 change the rates as we see fit consistent with what we're
23 allowed to do under 392.245.

24 COMMISSIONER GAW: But you don't have in
25 front of you the discussion or the argument about how

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1 those prices might vary if they were under the price cap
2 mechanism?

3 MS. MacDONALD: No.

4 COMMISSIONER GAW: Okay. Now, if they're
5 competitively classified exchanges, then you've already
6 said you think you can set them wherever you wish to set
7 them?

8 MS. MacDONALD: Right, to respond to the
9 competitive marketplace.

10 COMMISSIONER GAW: Okay. That's all I
11 have. Thank you.

12 MS. MacDONALD: Thank you.

13 JUDGE DIPPELL: Commissioner Clayton, did
14 you have questions?

15 COMMISSIONER CLAYTON: Yes. Mr. Poston.

16 MR. POSTON: You fooled me there. You
17 weren't looking at me.

18 COMMISSIONER CLAYTON: The exchanges of
19 Foley, Holstein, Marthasville, Warrenton, Wright City,
20 what area code are those in?

21 MR. POSTON: I believe 636.

22 COMMISSIONER CLAYTON: Are each of them
23 636?

24 MR. POSTON: Yes. Yes.

25 COMMISSIONER CLAYTON: Then I want to focus

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1 solely for right now on -- is it Beaufort or Beaufort?

2 MS. MacDONALD: It's Beaufort.

3 COMMISSIONER CLAYTON: You know down in the
4 southeast there's a Beaufort, Georgia and Beaufort, South
5 Carolina or back and forth. So I don't know how to
6 pronounce it.

7 That is a 573 area code exchange?

8 MR. POSTON: Beaufort? Yes, it is.

9 COMMISSIONER CLAYTON: So that's the only
10 573 out of all of this discussion in this case?

11 MR. POSTON: Correct.

12 COMMISSIONER CLAYTON: You'd agree with
13 that. Okay. If we are to grant MCA status to Beaufort,
14 does that change the exhaust date for the 573 area code
15 from where I think it is now, the second quarter of 2010?

16 MR. POSTON: I don't really have any basis
17 to answer that.

18 COMMISSIONER CLAYTON: You-all filed a
19 pleading on it, didn't you?

20 MR. POSTON: I'm getting that it should not
21 change it materially at all.

22 COMMISSIONER CLAYTON: Materially or --
23 shouldn't change it materially or shouldn't change it at
24 all?

25 MR. POSTON: It shouldn't change it.

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1 COMMISSIONER CLAYTON: It shouldn't change
2 it. We're only talking about one NXX, correct?

3 MR. POSTON: Correct.

4 COMMISSIONER CLAYTON: Ms. MacDonald, I
5 can't really see you. I'm not sure if it was in your
6 pleading or if it was in Staff's pleading, but is it
7 possible to identify how many numbers AT&T would need in
8 both its 573 exchange as well as the 636, how many numbers
9 it would need for each of those exchanges?

10 MS. MacDONALD: Yes. What we would do is
11 we would apply or have applied, depending on the exchange
12 that we're talking about, for 10,000 NXX numbers, and we
13 would give 9,000 back, which could be reassigned to
14 another carrier that wanted to provide MCA service in
15 these exchanges. So at the outset, it would be 4,000
16 numbers basically that we were using to provide the
17 service.

18 COMMISSIONER CLAYTON: Or a 1,000 block for
19 each exchange?

20 MS. MacDONALD: Correct.

21 COMMISSIONER CLAYTON: Mr. Scheperle, could
22 I get you to move one way or the other? I'm sorry. We
23 had eyesight and then you kind of slumped over. Maybe
24 slump isn't the right way to put it in the record. Next
25 evaluation, he slumped.

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1 Okay. So you're talking about a 1,000
2 block of numbers for each exchange --

3 MS. MacDONALD: That's correct.

4 COMMISSIONER CLAYTON: -- correct?

5 Now, the remaining part of that 10,000
6 block, those would still remain MCA in character or in
7 use?

8 MS. MacDONALD: That's correct.

9 COMMISSIONER CLAYTON: So those numbers
10 could only be used by, I suppose, a competitive LEC that
11 offered an MCA plan?

12 MS. MacDONALD: Correct.

13 COMMISSIONER CLAYTON: Can those numbers be
14 used in wireless?

15 MS. MacDONALD: I don't know.

16 COMMISSIONER CLAYTON: Can those numbers be
17 used for a VOIP provider?

18 MS. MacDONALD: I don't know that either.

19 I would assume that they could, but I'm not sure.

20 COMMISSIONER CLAYTON: Do you know in these
21 exchanges that are listed, Beaufort, St. Clair, Union,
22 Washington, does a cable company offer any local service
23 at this time, are you aware?

24 MS. MacDONALD: I'm not too sure.

25 COMMISSIONER CLAYTON: I know AT&T is

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1 feeling competition everywhere, but in these exchanges are
2 they feeling competition from cable companies?

3 MS. MacDONALD: Not that I'm aware of, but
4 I'm not sure.

5 COMMISSIONER CLAYTON: Would a cable
6 company if it was offering basic local service, would it
7 be eligible to access these telephone numbers?

8 MS. MacDONALD: I believe it would, but it
9 would be NAMPA's decision.

10 COMMISSIONER CLAYTON: It would be NAMPA's
11 decision. Is there a technological reason why an NXX is
12 declared MCA or not MCA and cannot be alternated for one
13 or the other and it can't be ported if someone moves?

14 MS. MacDONALD: Well, it can be ported if
15 someone moves.

16 COMMISSIONER CLAYTON: I can be ported?

17 MS. MacDONALD: It can't be used because
18 the intercompany -- the whole basis of the MCA service
19 that we enacted back in 1992 was that intercompany
20 compensation would be based on NPA/NXX. And so we use
21 those to know that the call is going to be bill and keep
22 intercompany compensation. In other words, we keep the
23 receipts that our customers pay us and the other companies
24 keep theirs.

25 So because of that, they have to be used

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1 for MCA service, because otherwise you would have a
2 reciprocal compensation arrangement and there would be no
3 way to track it.

4 COMMISSIONER CLAYTON: So you identify the
5 billing mechanism by the number?

6 MS. MacDONALD: That's correct.

7 COMMISSIONER CLAYTON: But you're saying
8 you identify by the NPA/NXX?

9 MS. MacDONALD: Yes.

10 COMMISSIONER CLAYTON: Has the technology
11 come along since 1992 that would permit identification for
12 billing purposes of the entire number rather than just
13 NPA/NXX?

14 MS. MacDONALD: Not to my knowledge.

15 COMMISSIONER CLAYTON: Would you have
16 knowledge of -- would that be something that you'd be
17 aware of?

18 MS. MacDONALD: We have discussed that, and
19 at least we cannot do that at this time.

20 COMMISSIONER CLAYTON: Because of
21 technology or because of Neustar or because of the FCC
22 or --

23 MS. MacDONALD: Just because we have Legacy
24 systems, and the way that it has always worked is based on
25 NPA/NXX, and we can't -- that's how it's determined that

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1 it's bill and keep intercompany compensation. It doesn't
2 get down to the level of the actual telephone number.

3 COMMISSIONER CLAYTON: Should it get down
4 to that level?

5 MS. MacDONALD: Well, I would say no,
6 because I think that if we were going to do something like
7 that, it would cost an inordinate amount.

8 COMMISSIONER CLAYTON: Based on? How do
9 you base the inordinate amount?

10 MS. MacDONALD: Well, just based on my
11 knowledge of the IT changes that would have to be made. I
12 mean, when we do something like change the Greenwood MCA,
13 for example, we filed a pleading that was 13 pages talking
14 about all the IT changes that would have to be made.

15 I would think it would be massive if you
16 were going to talk about trying to direct telephone calls
17 based on the entire ten-digit telephone number. And in a
18 competitive environment, I just don't know that we would
19 want to go there.

20 COMMISSIONER CLAYTON: Well, do you know
21 what -- do you know what AT&T's utilization rate is for
22 its telephone numbers that it has assigned to it right
23 now?

24 MS. MacDONALD: In these exchanges, I do
25 not.

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1 COMMISSIONER CLAYTON: How about overall in
2 Missouri?

3 MS. MacDONALD: I don't know.

4 COMMISSIONER CLAYTON: I think the last --
5 I think the last case that we had on overruling a NAMPA
6 decision said that SBC -- AT&T's utilization rate was
7 somewhere around 65 percent, which suggests that another
8 35 percent of its numbers are just hanging out there
9 awaiting growth of business to actually be used.

10 Now, I'm not sure if that's an accurate
11 characterization, but you-all have a lot of numbers, and
12 we are going to be faced in the next couple of months in
13 dealing with an area code exhaust. Now, it's not these
14 that are involved in this case, but would it make a
15 difference if we tried to use more of those numbers to
16 slow area code exhaust?

17 You may not have this information. Feel
18 free -- if this is technical, requires assessment by
19 someone else, you can say I don't know. That's all right.

20 MS. MacDONALD: Just to be clear, when we
21 file these requests to have you overrule NAMPA's decision
22 not to give us numbering resources, the reason why we're
23 doing that typically is because a customer has requested a
24 series of numbers that aren't in the numbers that we have
25 available, and the utilization isn't an overall

0052

1 utilization by the area code. It's a utilization at the
2 exchange level, rate center level. So that's the first
3 thing that I just wanted to clarify.

4 But at least from our perspective, even if
5 we -- the exhaust for these area codes, for example,
6 Beaufort in the 573, isn't expected to exhaust until the
7 first quarter 2010. This's 213 available 10,000 blocks,
8 and we not believe, nor did any other party to this case
9 believe that there will be an appreciable difference by
10 implementing this Stipulation & Agreement on when those
11 numbers are going to exhaust, because it's a small number
12 in the overall realm of numbers.

13 COMMISSIONER CLAYTON: Okay. What is the
14 price in these exchanges for basic local service, the
15 price that is added -- I believe it's added to the 32.50
16 for residential customers?

17 MS. MacDONALD: It's 8.79 for residential
18 customers and -- in Washington, Union and St. Clair, and
19 in Beaufort its \$7.15. I'm relatively sure. I would
20 really have to check the tariffs to be precisely sure, but
21 it's around that much.

22 COMMISSIONER CLAYTON: Around that much,
23 plus taxes and fees, I guess?

24 MS. MacDONALD: Yeah.

25 COMMISSIONER CLAYTON: Now, also in a

0053

1 pleading the Commission asked you to file a -- file a
2 pleading stating comparable long distance plans.

3 MS. MacDONALD: That's correct.

4 COMMISSIONER CLAYTON: Comparable to what
5 has been suggested by CenturyTel at least in that local
6 public hearing. One of those is called National
7 Connections, which is \$15 a month, which I think is
8 unlimited local and long distance service; is that
9 correct?

10 MS. MacDONALD: Well, actually, that's
11 National Connections Select, which is \$15 per month, plus
12 you have to have an access line, caller ID and two --

13 COMMISSIONER CLAYTON: I'm going to ask you
14 what those cost. That's what I want to get to is what is
15 the price of that local line?

16 MS. MacDONALD: Well, for the residential
17 customer it would be 8.79 for Washington, Union and
18 St. Clair, \$7.15 for Beaufort, give or take. I might be a
19 little off on those numbers. Caller ID is -- okay. I'm
20 sorry. This caller ID and the two vertical services,
21 they're sold as a package, and that package with the
22 access line together is around \$20. So it's not ala carte
23 things.

24 COMMISSIONER CLAYTON: Well, then let's --
25 so for the local line, the caller ID and the two vertical

0054

1 services, how much are we talking?

2 MS. MacDONALD: Around \$20.

3 COMMISSIONER CLAYTON: 20 bucks, plus
4 taxes, fees and such?

5 MS. MacDONALD: Right.

6 COMMISSIONER CLAYTON: Okay.

7 MS. MacDONALD: Subject to check.

8 COMMISSIONER CLAYTON: Subject to check.

9 MS. MacDONALD: But around.

10 COMMISSIONER CLAYTON: Trust but verify.

11 So the National Connections Select, the residential
12 customer living in Beaufort, St. Clear, Union, Washington
13 would pay roughly \$20 plus taxes and fees, plus \$15 in
14 unlimited long distance for a total of 35 bucks plus fees
15 for unlimited nationwide calling, correct?

16 MS. MacDONALD: That's correct.

17 COMMISSIONER CLAYTON: The residential plan
18 for the MCA is 32.50, plus 8.79, plus taxes and fees, so
19 that's \$40, \$41 and change --

20 MS. MacDONALD: Depending on the exchange.

21 COMMISSIONER CLAYTON: -- for access to the
22 MCA and no long distance?

23 MS. MacDONALD: That's correct.

24 COMMISSIONER CLAYTON: Mr. Dandino, why
25 would one sign up for residential service under this MCA

0055

1 plan considering that there is a comparable plan that is
2 cheaper and gives them a whole lot more?

3 MR. DANDINO: If the customer needed a
4 two-way calling, that would be the attraction to this.
5 And as my expert advised me, assurance it would be there.
6 There is more assurance that MCA service will be available
7 rather than if you'd have a promotion or you'd have a
8 national wide plan that AT&T is offering.

9 COMMISSIONER CLAYTON: Do you believe that
10 AT&T has the ability to change its MCA prices as a
11 competitive company?

12 MR. DANDINO: As a competitive company --

13 COMMISSIONER CLAYTON: Are each of these
14 competitively classified?

15 MS. MacDONALD: No.

16 COMMISSIONER CLAYTON: Which ones are
17 competitively classified?

18 MS. MacDONALD: St. Clair, Union and
19 Washington are competitively classified for both
20 residential and business service. Beaufort is not
21 competitively classified at this time.

22 COMMISSIONER CLAYTON: And that would be
23 price cap?

24 MS. MacDONALD: That's correct.

25 COMMISSIONER CLAYTON: That's price cap

0056

1 regulated. Okay.

2 MR. DANDINO: The answer I think depends on
3 whether it's price cap or competitive. For competitive, I
4 believe they do, they have the ability to change their
5 prices, and they can use many different things in their
6 package, tools in their package, packaging, or make them
7 specific, specific contracts for -- for business accounts.

8 I think for price cap, though, for a price
9 cap, I think they have to treat all customers similarly
10 situated, and I would argue all those in Tier 5 would be
11 similarly situated. You cannot discriminate against them
12 under 392.200(2), (3) and (4). I believe that would be --
13 that would prevent them from raising these four, or any of
14 them, treating any of the ones in Tier 5 different, unless
15 they can show a reasonable reason or reasonable
16 classification for that.

17 COMMISSIONER CLAYTON: Ms. MacDonald, can
18 you identify -- I didn't get through the business
19 offerings, but I think you've got several offerings. What
20 is the cost or is there a cost that you can identify for
21 business service for one of the all-inclusive plans
22 outside of the MCA proposal? Can you identify how much
23 that cost would be, similar to the numbers that we just
24 discussed for residential?

25 MS. MacDONALD: For business customers,

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1 AT&T long distance offers Business Unlimited Prime long
2 distance calling plan, and that is \$20 for the first line
3 per month and -- I'm sorry. It's \$19 for the first line
4 per month and \$20 for each additional line with a ten line
5 limit, and this provides unlimited domestic outbound
6 state-to-state and in-state calling.

7 COMMISSIONER CLAYTON: Unlimited
8 outbound -- say that again, would you.

9 MS. McDONALD: Yes. I'm sorry.

10 COMMISSIONER CLAYTON: These plans just
11 roll of your tongue. It's like it's so easy. I mean,
12 they're like eight words long just for the title. It's
13 unlimited --

14 MS. MacDONALD: Outbound --

15 COMMISSIONER CLAYTON: Outbound.

16 MS. MacDONALD: -- state-to-state and
17 in-state calling. So you can call anywhere in the United
18 States from your phone and you can call in state.

19 COMMISSIONER CLAYTON: But you have to have
20 ten line minimum.

21 MS. MacDONALD: No, no, no. Ten line is
22 the maximum.

23 COMMISSIONER CLAYTON: Ten line maximum.

24 MS. MacDONALD: You can have one line. You
25 can up to ten.

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1 COMMISSIONER CLAYTON: So you could have
2 one line?

3 MS. MacDONALD: That's correct.

4 COMMISSIONER CLAYTON: That doesn't make --
5 if you have one line, it's only \$20, you get -- I'm
6 misunderstanding.

7 MS. MacDONALD: That doesn't include the
8 cost of the access line.

9 COMMISSIONER CLAYTON: Yeah. What's the
10 cost of the access line, do you know?

11 MS. MacDONALD: Hold on one second.

12 COMMISSIONER CLAYTON: I don't need an
13 exact. I mean, an approximation.

14 MS. MacDONALD: It's 38.99 if you subscribe
15 to the 12-month plan, and based --

16 COMMISSIONER CLAYTON: That's per month?
17 That 38.99 is per month?

18 MS. MacDONALD: Yes. That's correct.

19 COMMISSIONER CLAYTON: So 38.99 plus the
20 \$20?

21 MS. MacDONALD: Plus the \$19. \$20 if you
22 go to the second line.

23 COMMISSIONER CLAYTON: Yeah, I don't know
24 how that pricing came up, save a dollar on your first,
25 like you have to turn in a coupon or something.

0059

1 MS. MacDONALD: Don't know.

2 COMMISSIONER CLAYTON: You're all waiting
3 on a question from me or are you working on an answer?

4 MS. MacDONALD: Well, actually, we were
5 kind of doing both, but because --

6 COMMISSIONER CLAYTON: Well, if it's this
7 difficult for you to add up all these things, I hate to --

8 MS. MacDONALD: The Custom Bus. Saver,
9 which is what you would have if you were going to have the
10 access line plus the Business Unlimited Prime calling
11 plan, is described in Footnote 3, and the flatline bundle
12 would include an access line, caller ID name and number,
13 calling waiting, call forwarding, three-way calling and
14 call return. And if it was a multi-line bundle it
15 includes an access line, series hunting, caller ID name
16 and number and three-way calling. That's described in
17 Footnote 3 of our pleading that was filed.

18 COMMISSIONER CLAYTON: Custom Biz Saver?

19 MS. MacDONALD: Yes.

20 COMMISSIONER CLAYTON: Crystal clear.

21 MS. MacDONALD: And that was the package I
22 was talking about for 38.99.

23 COMMISSIONER CLAYTON: That's the 38.99.
24 So plus the \$19, so for roughly 58, \$60 for one line you
25 get unlimited, but you don't get the incoming calling,

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1 which is the point that -- you don't get the included MCA
2 incoming calling in that? That would be a difference that
3 the MCA would give you versus this plan.

4 MS. MacDONALD: I think what you're saying
5 is that is a one-way calling plan and MCA service is a
6 two-way calling plan, and no, you would not get the
7 two-way feature.

8 COMMISSIONER CLAYTON: Okay. Mr. Poston,
9 on 636, most of these exchanges involve 636. Eight
10 exchanges are going to eat up eight new NPA/NXXs for the
11 636 area code. Will that affect the exhaust date of the
12 636 area code?

13 MR. POSTON: Eight exchanges? I'm
14 confused.

15 COMMISSIONER CLAYTON: Well, St. Clair,
16 Union, Washington, Foley, Holstein, Marthasville,
17 Warrenton and Wright City. I guess we don't have a
18 stipulation. I'm just assuming there's going to be a
19 stipulation. I'm trying to get all my thoughts worked
20 through so maybe we don't have to come back. We may have
21 to come back because we're not allowed to talk about any
22 aspects of those other exchanges.

23 But if we assume that we do an MCA for each
24 of these exchanges, that's eight. That's eight new NXXs?

25 MR. POSTON: Correct.

0061

1 COMMISSIONER CLAYTON: Does that change the
2 exhaust date for the 636 area code?

3 MR. POSTON: Well, the parties didn't
4 discuss that. If, as we have stated for the SBC
5 exchanges, it's only going to use up a thousand per NXX, I
6 guess you would just be exhausting another --

7 COMMISSIONER CLAYTON: Well, the exhaust
8 date for 636 is kind of far out in the future, isn't it?
9 So it probably doesn't.

10 MR. POSTON: Correct.

11 COMMISSIONER CLAYTON: I guess I just want
12 to feel better about it, so you can say it won't affect
13 the exhaust date.

14 MR. POSTON: It will have no impact on the
15 exhaust date.

16 COMMISSIONER CLAYTON: You say that with a
17 lot of confidence.

18 Okay. Mr. Dandino, is there any down
19 side -- focusing in on the AT&T, is there a down side --
20 is there a down side to approving the Stipulation &
21 Agreement for AT&T?

22 MR. DANDINO: The only down side that I see
23 is that some people may -- who do not need -- necessarily
24 need the two-way calling feature, you know, could be
25 subscribing to this when maybe they would be better

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1 serving by something else, by another plan. I think the
2 conversation you had with Ms. MacDonald points out the
3 real -- another problem here is that at least the MCA is
4 clear. You know what you're getting for your money.

5 COMMISSIONER CLAYTON: Do you think that's
6 true, though? Do you think the general public knows what
7 they're getting with the MCA, the fact that they can only
8 dial certain people if they're an MCA subscriber in
9 certain tiers? Do they know the maps and where each
10 exchange is located?

11 MR. DANDINO: Well, I think they know
12 generally where they can call. It's a lot more difficult.
13 They used to put what places you could call and what would
14 be a toll in the phone book, and if I remember right, I
15 don't see that in there anymore. But I think they know
16 generally who they have to call -- who they can call. At
17 least they know if they're calling Chesterfield from that
18 tier, whether it's going to be a toll call or not.

19 COMMISSIONER CLAYTON: Okay. With regard
20 to your negotiations with CenturyTel, d/b/a Spectra, d/b/a
21 CenturyTel of Missouri, can you tell me whether that
22 agreement will be reasonably similar in its construction
23 to the AT&T or whether it's going to be a radical
24 departure? Is that possible to --

25 MR. DANDINO: Probably the answer is yes

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1 and no.

2 COMMISSIONER CLAYTON: Yes, it's similar
3 and no, it's not a radical departure?

4 MR. DANDINO: No. It's --

5 COMMISSIONER CLAYTON: Yes, it's a radical
6 departure, no, it's --

7 MR. DANDINO: It has components of each.

8 COMMISSIONER CLAYTON: Components of each.
9 Mr. Dority, can you offer any --

10 MR. DORITY: Commissioner, I can't offer
11 you much more in terms of clarification. It is different
12 than what you are looking at today.

13 COMMISSIONER CLAYTON: Okay. All right.
14 Well, I thank the parties for their indulgence of my
15 questions, and I appreciate the effort at negotiation of
16 working something out on this. My original -- my concern
17 that came up at the local public hearing was that there
18 wasn't a great amount of testimony from the public on
19 these plans, and with not a great amount of public
20 testimony, that we would perhaps be accelerating area code
21 exhaustion, and I think we've established that that is not
22 really the case in this instance.

23 So I'm not seeing so much -- I'm not seeing
24 too much of a down side of approving at least the one
25 that's before, unless, Mr. Dandino, you have any other

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1 comments or Ms. Meisenheimer.

2 MS. MEISENHEIMER: Sure. In terms of the
3 use of numbers --

4 JUDGE DIPPELL: Let me go ahead and swear
5 you in, Ms. Meisenheimer.

6 (Witness sworn.)

7 JUDGE DIPPELL: Go ahead.

8 MS. MEISENHEIMER: It will use numbers -- I
9 would say on a one-time basis it will use them where it
10 wouldn't have used them before. But in the long run, I do
11 not view this as having any significant effect on the use
12 of numbering resources. It will by maybe a few quarters
13 change the date of exhaust.

14 However, I have been inside the Lockheed
15 Martin numbering model. We were the ones who said you
16 didn't need to overlay 314 based on an evaluation. And
17 I'm telling you often I view Neustar as kind of Chicken
18 Little in terms of their forecast of when numbers are
19 going to exhaust. The sky is not falling that fast.

20 COMMISSIONER CLAYTON: Did you know they
21 were here this morning?

22 MS. MEISENHEIMER: I would have loved to
23 have seen them.

24 COMMISSIONER CLAYTON: The Neustar people
25 were here today talking area code exhaustion.

0065

1 MS. MEISENHEIMER: Was that rocket science?

2 COMMISSIONER CLAYTON: I'm not sure what
3 that means, but I'll take that under advisement.

4 MR. DANDINO: When it was Lockheed Martin,
5 they made rockets as well as airplanes. They were asked
6 if they were rocket scientists.

7 COMMISSIONER CLAYTON: I'm glad we got that
8 in the record.

9 MS. MEISENHEIMER: Me, too.

10 COMMISSIONER CLAYTON: Okay. Does anyone
11 have any other comment on any of my ramblings?

12 Okay. Thank you all very much.

13 JUDGE DALE: Commissioner Gaw?

14 COMMISSIONER GAW: Just a couple more
15 things.

16 Mr. Dandino, your statement earlier that
17 you believe that there was -- that there is an argument
18 about pricing on MCA and that there are provisions on
19 discrimination that might still apply to different prices
20 in different portions of one tier of the MCA, can you
21 expand on that just a little?

22 MR. DANDINO: I would say, and this is in
23 the price cap exchanges, price cap services, those
24 provisions are still in effect.

25 COMMISSIONER GAW: Okay. All right. So if

0066

1 the exchange had been -- had had all price controls
2 removed, then you wouldn't have the same argument?

3 MR. DANDINO: No.

4 COMMISSIONER GAW: Okay. I needed to
5 clarify that, because I wasn't sure if that's -- if you
6 had made that distinction or not when I was listening.

7 I will ask this of CenturyTel. What
8 portions of -- which exchanges that are in issue in this
9 case are price cap and which are not, and which might
10 change because of the subject of the hearing tomorrow?

11 MR. DORITY: I believe they are all price
12 cap today, and if you can bear with me just a moment.

13 COMMISSIONER GAW: Okay.

14 MR. DORITY: And I think that will stay the
15 same after tomorrow.

16 COMMISSIONER GAW: Okay. And did someone
17 say from AT&T how long it would take before this would be
18 in effect?

19 MS. MacDONALD: I did not say, but I could
20 comment on that if you'd like.

21 COMMISSIONER GAW: Thank you,
22 Ms. MacDonald.

23 MS. MacDONALD: If the Commission were to
24 approve the Stipulation & Agreement as written by the
25 parties as soon as possible but no later than the end of

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1 February, we anticipate that we would be able to implement
2 it no later than October the 30th. If we don't have an
3 Order by that time, that may change the date, and if we
4 could speed things along, we would have to file a
5 subsequent pleading telling that you we could implement it
6 quicker, but normally it would be the end of October.

7 COMMISSIONER GAW: Okay. You just said one
8 thing that I didn't quite get, and that is if you didn't
9 have an Order before that time.

10 MS. McDONALD: The end of February.

11 COMMISSIONER GAW: Before the end of
12 February. Thank you. So if you get the Order before the
13 end of this month, then you think you can get it in effect
14 and up and running in October?

15 MS. MacDONALD: October the 30th.

16 COMMISSIONER GAW: Okay. Thank you.

17 MS. MacDONALD: You're welcome.

18 COMMISSIONER GAW: That's all I have.

19 Thank you all.

20 JUDGE DIPPELL: Ms. McDonald, along those
21 lines, the implementation process for this would be
22 similar to that in the Greenwood case, the publications
23 and so forth?

24 MS. McDONALD: Yes, similar but not quite
25 the same just, because this is an expansion and we're not

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1 changing all of the codes, but yes, same process.

2 JUDGE DIPPELL: Were there any other
3 Commission questions? Are there any closing remarks any
4 of the parties wanted to make, clarifications?

5 (No response.)

6 JUDGE DIPPELL: Not seeing anybody
7 indicating so. I don't have any additional questions. So
8 seeing nothing further, we'll go off the record. Thank
9 you.

10 WHEREUPON, the hearing of this case was
11 concluded.

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