

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

ETC Designation
Meisenheimer/Rebuttal
Public Counsel
TO-2005-0423

REBUTTAL TESTIMONY

OF

BARBARA A. MEISENHEIMER

Submitted on Behalf of the Office of the Public Counsel

CHARITON VALLEY TELECOM CORP.
CASE NO. TO-2005-0423

November 4, 2005

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

In the Matter of the Application of Chariton Valley
Telecom Corporation for Designation as a
Telecommunications Carrier Eligible for Federal
Universal Service Support Pursuant to 254 of the
Telecommunications Act of 1996)

Case No. TO-2005-0423

AFFIDAVIT OF BARBARA A. MEISENHEIMER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Barbara A. Meisenheimer, of lawful age and being first duly sworn, deposes and states:


1. My name is Barbara A. Meisenheimer. I am Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony consisting of pages 1 through 19.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Barbara A. Meisenheimer

Subscribed and sworn to me this 4th day of November 2005.



JERENE A. BUCKMAN
My Commission Expires
August 10, 2009
Cole County
Commission #05754036


Jerene A. Buckman
Notary Public

My Commission expires August 10, 2009.

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REBUTTAL TESTIMONY
OF
BARBARA MEISENHEIMER
CASE NO. TO-2005-0423
APPLICATION OF CHARITON VALLEY TELECOM CORP.
FOR ETC STATUS

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A. Barbara A. Meisenheimer, Chief Utility Economist, Office of the Public Counsel,
P. O. 2230, Jefferson City, Missouri 65102.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND EMPLOYMENT BACKGROUND.

A. I hold a Bachelor of Science degree in Mathematics from the University of Missouri-Columbia and have completed the comprehensive exams for a Ph.D. in Economics from the same institution. My two fields of study are Quantitative Economics and Industrial Organization. My outside field of study is Statistics. I have taught Economics courses for the following institutions: University of Missouri-Columbia, William Woods University, and Lincoln University. I have taught Economics courses at both the undergraduate and graduate level. I have also taught undergraduate level Mathematics for the University of Missouri-Columbia and undergraduate level Statistics for William Woods University.

1 **Q. PLEASE SUMMARIZE YOUR EXPERIENCE RELATED TO TELECOMMUNICATIONS**
2 **AND, IN PARTICULAR, UNIVERSAL SERVICE.**

3 A. Since 1996, I have regularly submitted testimony and testified before the
4 Missouri Public Service Commission, on behalf of Public Counsel on various
5 telecommunication issues, including universal service, numbering, calling scopes,
6 rate cases, price caps, and competitive and consumer protection issues.

7 I served on the Federal/State Universal Service Joint Board Staff for a
8 number of years. In this capacity, I reviewed information on various Federal
9 Universal Service Fund issues including, but not limited to, carrier eligibility,
10 federal high cost support, and the federal Lifeline and LinkUp programs. I
11 assisted the Federal/State Joint Board prepare recommendations for the FCC to
12 implement the Universal Service provisions of the Federal Telecommunications
13 Act of 1996. As a Federal/State Joint Board staff member, I also reviewed Joint
14 Board Monitoring Reports and FCC Telephone Penetration Reports designed to
15 evaluate the performance of the federal and state programs in assisting low-
16 income customers. I participated in a national forum on Universal Service issues
17 sponsored by the Consumer Energy Council of America (CECA) and contributed
18 income-based subscribership data compiled by the U.S. Census Bureau under
19 contract with the Missouri Public Counsel's Office.

20 I am a former member of the North American Numbering Council that
21 advises the FCC on numbering issues for both wireline and wireless services. At
22 the State level, I participated in industry workshops to develop recommendations
23 on components of the Missouri Universal Service Fund. I currently assist the

1 Public Counsel in his duties as a member of the Missouri Universal Service
2 Board.

3 **Q. WHAT INFORMATION DID YOU REVIEW IN PREPARATION OF YOUR TESTIMONY?**

4 A. I primarily reviewed the Application and the direct testimony of James Simon filed
5 on behalf of Chariton Valley Telecom Corp. (Chariton Valley or Company),
6 portions of the Missouri Public Service Commission (PSC) rules, the Federal
7 Communications Commission (FCC) rules and Report and Orders, all related to
8 Universal Service.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. The purpose of my testimony is to respond to Chariton Valley's Application and
11 supporting testimony.

12 ***II. SUMMARY OF POSITION IN RESPONSE TO THE APPLICATION AND***
13 ***SUPPORTING TESTIMONY***

14 **Q. WHAT IS YOUR GENERAL RESPONSE TO THE COMPANY'S APPLICATION?**

15 A. Public Counsel recognizes the potential benefits of competitive expansion in
16 Missouri. Although we do not support the Application in its present form, Public
17 Counsel could support the Application with submission of some additional
18 information and additional commitments. Our primary concerns are that 1) a five-
19 year plan outlining the use of USF support was not part of the application provided
20 to the Commission; 2) the Company appears to charge customers a different
21 nonrecurring fee depending on the ownership of the underlying
22 telecommunications facilities; 3) the Company imposes an inappropriate limitation
23 on the number of lines to a residence for which a customer receives low-income

1 support; and 4) that Lifeline customers are not receiving the full amount of support
2 which is available to them. The Application and supporting testimony should be
3 supplemented to include a five-year plan with specific details how the applicant
4 intends to use USF support to maintain and expand its independent facilities to
5 enhance the availability of supported services. The Company should commit to
6 revise its tariff to charge consistent nonrecurring charges throughout the Macon
7 exchange and to exclude the requirement that only one telephone line is permitted
8 at residences receiving Lifeline or LinkUp discounts.¹ Finally, consistent with its
9 tariff, the Company should seek State Lifeline support and provide the full level of
10 discounts to Lifeline customers as approved by the Commission.

11 **Q. PLEASE SUMMARIZE THE CONSIDERATIONS REGARDING CHARITON VALLEY**
12 **TELECOM'S SERVICE OFFERINGS THAT YOU BELIEVE ARE RELEVANT TO THIS**
13 **PROCEEDING.**

14 **A.** Chariton Valley Telecom currently serves in the Macon Missouri telephone
15 exchange. Macon is the only exchange for which the Company currently seeks
16 ETC status and the receipt of Federal High Cost support. The Company is
17 certified as a basic local exchange carrier for the designated area and provides the
18 services supported by the Federal Universal Service Fund including equal access
19 to interexchange carriers. The Company has also committed to serve as a carrier
20 of last resort for the designated area.

21 In Chariton Valley's basic local certification proceeding, the Commission
22 determined that the Company possesses the technical and financial resources
23 necessary to provide basic local service. The Company, as a condition of its basic

¹ Section 23, Sheet 5, A.6 and Section 23, Sheet 8, B.4

1 local certification, is required to serve ubiquitously and on a timely basis
2 throughout the exchange. Further, as a requirement of its certification as a basic
3 local telecommunications provider, the Company must meet the Commission's
4 quality of service standards and file information on an ongoing basis with the
5 Commission detailing available services including prices, terms and conditions,
6 annual reports on financial activity and lines in service. It must also provide or
7 concur in service area maps on file at the Commission.

8 The Company primarily serves customers within the Macon city limits
9 over its own independent fiber network. However, it has a preexisting agreement
10 with the incumbent that allows it to supplement its independent offerings with
11 resale in order to serve throughout the exchange. Based on discussions with the
12 Company, it is my understanding that it plans to continue to extend its existing
13 fiber network within the exchange to the extent economical and explore other
14 options for the future.

15 With respect to the price, terms and conditions of service, the Company
16 already provides its customers with the services identified for Federal Universal
17 Service support. As of Oct., 2005, when its most recent tariff revisions went into
18 effect, basic local service became available on a tariffed, stand-alone basis, at a
19 recurring monthly rate that is lower than the incumbent's rate through out the
20 exchange. The basic local calling scope mirrors the incumbent's basic local
21 calling scope. The rate, terms and conditions or calling scope for basic local
22 service cannot be changed without Commission review. The Company's tariff

1 does, however, impose different service initiation fees and other miscellaneous
2 fees based on ownership of the facilities over which a customer is served.

3 Lifeline service is offered in the exchange at a discount off the basic local
4 rate. The Company provides at least a portion of the Commission approved
5 Lifeline discounts. However, I recommend that the Company provide the full
6 level of State and Federal discounts including the Subscriber Line Charge waiver
7 and \$7.00 off the basic local rate. Although I recommend changes in the
8 Company's installation charges, LinkUp is offered at 50% of the otherwise
9 applicable rate. The Company should have already been advertising the
10 availability of Lifeline and LinkUp services as a condition of receiving Federal
11 Universal Service support.

12 **Q. PLEASE SUMMARIZE THE CONSIDERATIONS RELATED TO THE INCUMBENT**
13 **CARRIER THAT YOU BELIEVE ARE RELEVANT TO THIS PROCEEDING.**

14 A. The first consideration is that Spectra Communications L.L.C. d/b/a CenturyTel
15 is classified as a rural carrier for purposes of Federal Universal Service support as
16 applies to the Macon exchange. As such, the Commission may choose to
17 designate an additional ETC in the Macon exchange based on a finding that doing
18 so serves the public interest.

19 The second consideration that is relevant in this proceeding is that
20 CenturyTel sought and received a competitive classification for the Macon
21 exchange based on the competition posed by Chariton Valley Telecom providing
22 service over its own facilities. I believe that as long as Chariton Valley satisfies at
23 least the conditions I've recommended, it would promote the competition in

1 Macon and serve the public interest to allow Chariton Valley the support needed
2 to maintain and expand its competitive network.

3 **Q. HAS PUBLIC COUNSEL DEVELOPED A FINAL POSITION ON THE REDEFINITION OF**
4 **INCUMBENT STUDY AREAS?**

5 A. Not at this time. Public Counsel has reviewed the Applicant's position on this issue
6 and recommends certain conditions to address local calling scope issues. However
7 Public Counsel will review the evidence submitted by the incumbent carriers prior
8 to taking a final position.

9 **Q. GENERALLY, WHAT CONDITIONS DO YOU RECOMMEND APPLY TO ETC**
10 **APPLICATIONS?**

11 A. As conditions of approving applications for ETC status in order to receive Federal
12 Universal Service support, the Commission should require that at a minimum:

- 13 ➤ The application and supporting testimony should adhere to the
14 requirements established by the FCC for carriers certified under
15 section 214(e)(6) including but not limited to the submission of a
16 five year plan detailing specifically how the applicant intends to
17 use USF support to expand and enhance the availability of
18 supported services in each geographic area for which it receives
19 support.
- 20 ➤ An applicant should be required to adhere to each of the annual
21 reporting requirements established by the FCC for ETCs
22 designated under section 214(e)(6);
- 23
- 24 ➤ An applicant should be required to file and maintain with the
25 Commission a current copy of detailed service area maps and a list
26 of the local telephone exchanges in which service is available. In
27 the case of wireless carriers, an applicant should maintain with the
28 Commission a description of any portions of an exchange where it
29 is infeasible for the wireless carrier to serve and an illustrative
30 copy of customer service agreements;
- 31
- 32 ➤ The Company should adhere to State and Federal Lifeline and
33 LinkUp requirements and should provide a comparable service and
34 rate to the incumbent's ;

- The applicant should provide service toll free and, if applicable, roaming charge free calling to any telephone exchange area for which the customers billing address would otherwise have EAS if served by the incumbent carrier;
- The applicant should be prohibited from increasing the rate or adversely altering the service elements of approved Lifeline offerings without prior approval by the Commission;
- An applicant that requires company provided customer premise equipment and/or handsets should inform prospective Lifeline customers of the price of the lowest cost premise equipment and/or handset available. This would not limit the Company's ability to inform a perspective Lifeline customer of other available equipment and/or handsets;
- The applicant should be required to act as a "carrier of last resort" throughout the requested service territory; and
- The Applicant should disclose resale agreements that may be used as an additional method of serving customers that request service in areas where customers have access to telephone service but the Company is unable to provide facilities-based service using its own facilities or those of another carrier with which it has partnered to provide service. To the extent that the Commission determines that the current resale agreements are inadequate to cover gaps in an applicant's coverage, the applicant should be required to seek such agreements and report on its progress to the Commission as an element of its annual reporting requirements.

III. BACKGROUND ON UNIVERSAL SERVICE PROVISIONS

Q. WHAT ARE THE RELEVANT PROVISIONS OF THE 1996 TELECOMMUNICATIONS ACT THAT THE COMMISSION WILL CONSIDER IN THIS CASE?

A. The relevant provisions are contained in Section 254 and Section 214 of the 1996 Telecommunications Act.

Section 254(e) mandates that:

- Only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support.
- A carrier that receives such support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Section 254(f) allows:

- A State may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service.

Section 214(e)(1) defines eligible carriers and establishes minimum service and advertising requirements:

- A common carrier designated as an eligible telecommunications carrier under paragraph (2) or (3) shall be eligible to receive universal service support in accordance with section 254. and shall, throughout the service area for which the designation is received.
- A common carrier designated as an eligible telecommunications carrier under paragraph (2) or (3) shall, throughout the service area for which the designation is received, offer the services that are supported by Federal universal service support mechanisms under section 254(c), either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another eligible telecommunications carrier.)
- A common carrier designated as an eligible telecommunications carrier under paragraph (2) or (3) shall, throughout the service area for which the designation is received, advertise the availability of such services and the charges therefore using media of general distribution.

Section 214(e)(2) establishes the Missouri Commission's authority to designate eligible telecommunications carriers:

- A State commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the State commission.
- Upon request and consistent with the public interest, convenience, and necessity, the State commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier

1 for a service area designated by the State commission, so long as each
2 additional requesting carrier meets the requirements of paragraph (1).

- 3
- 4 • Before designating an additional eligible telecommunications carrier for
5 an area served by a rural telephone company, the State commission shall
6 find that the designation is in the public interest.
- 7

8 Section 214(e)(3) establishes the Missouri Commission's authority to designate
9 eligible telecommunications carriers for unserved areas. This is currently not an
10 issue in this proceeding.

11

12 Section 254(5) defines the service area for the purpose of universal service:

- 13
- 14 • The term 'service area' means a geographic area established by a State
15 commission for the purpose of determining universal service obligations
16 and support mechanisms.
 - 17
 - 18 • In the case of an area served by a rural telephone company, 'service area'
19 means such company's 'study area' unless and until the Commission and
20 the States, after taking into account recommendations of a Federal-State
21 Joint Board instituted under section 410(c), establish a different definition
22 of service area for such company.
- 23

24 **Q. WHAT SERVICES HAS THE FCC DETERMINED WILL BE SUPPORTED?**

25 **A.** The FCC's supported services are set forth in 47 C.F.R. § 54.101(a):

- 26 a. voice grade access to the public switched telephone network;
27 b. local usage;
28 c. dual tone multi-frequency signaling or its functional equivalent;
29 d. single-party service or its functional equivalent;
30 e. access to emergency services;
31 f. access to operator services;
32 g. access to interexchange service;
33 h. access to directory assistance;
34 i. toll limitation for qualifying low-income consumers.

35

36 In addition, ETCs must provide Lifeline and LinkUp services to qualifying
37 low-income consumers², must offer toll limitation to Lifeline customers at the
38 time such consumers subscribe to Lifeline service³ and may not collect a service

² 47 C.F.R. § 54.405 and 47 C.F.R. § 54.411(a)

³ 47 C.F.R. § 54.401(3)

1 deposit in order to initiate Lifeline service, if the qualifying low-income consumer
2 voluntarily elects toll blocking from the carrier, where available⁴.

3 **Q. HAS THE FCC ESTABLISHED REQUIREMENTS FOR CARRIERS SEEKING ETC**
4 **STATUS?**

5 **A.** Yes, 47 C.F.R. § 54.202 the FCC established rules that apply to carriers seeking
6 ETC status in proceedings before the FCC pursuant to section 214(e)(6) of the
7 1996 Telecommunications Act. However, the FCC encouraged the state
8 commissions to at a minimum adopt similar requirements when designating ETC
9 status to carriers pursuant to section 214(e)(2).

10 **§ 54.202 Additional requirements for Commission designation of**
11 **eligible telecommunications carriers.**
12

13 (a) On or after the effective date of these rules, in order to be
14 designated an eligible telecommunications carrier under section
15 214(e)(6), any common carrier in its application must:
16

17 (1) (A) commit to provide service throughout its proposed designated
18 service area to all customers making a reasonable request for service.
19 Each applicant shall certify that it will (1) provide service on a timely
20 basis to requesting customers within the applicant's service area where
21 the applicant's network already passes the potential customer's
22 premises; and (2) provide service within a reasonable period of time, if
23 the potential customer is within the applicant's licensed service area but
24 outside its existing network coverage, if service can be provided at
25 reasonable cost by (a) modifying or replacing the requesting customer's
26 equipment; (b) deploying a roof-mounted antenna or other equipment;
27 (c) adjusting the nearest cell tower; (d) adjusting network or customer
28 facilities; (e) reselling services from another carrier's facilities to
29 provide service; or (f) employing, leasing or constructing an additional
30 cell site, cell extender, repeater, or other similar equipment; and
31

32 (B) submit a five-year plan that describes with specificity proposed
33 improvements or upgrades to the applicant's network on a wire center-
34 by-wire center basis throughout its proposed designated service area.
35 Each applicant shall demonstrate how signal quality, coverage or
36 capacity will improve due to the receipt of high-cost support; the
37 projected start date and completion date for each improvement and the
38 estimated amount of investment for each project that is funded by high-

⁴ 47 C.F.R. § 54.401(4)

1 cost support; the specific geographic areas where the improvements
2 will be made; and the estimated population that will be served as a
3 result of the improvements. If an applicant believes that service
4 improvements in a particular wire center are not needed, it must explain
5 its basis for this determination and demonstrate how funding will
6 otherwise be used to further the provision of supported services in that
7 area.

8
9 (2) demonstrate its ability to remain functional in emergency situations,
10 including a demonstration that it has a reasonable amount of back-up
11 power to ensure functionality without an external power source, is able
12 to reroute traffic around damaged facilities, and is capable of managing
13 traffic spikes resulting from emergency situations.

14
15 (3) demonstrate that it will satisfy applicable consumer protection and
16 service quality standards. A commitment by wireless applicants to
17 comply with the Cellular Telecommunications and Internet
18 Association's Consumer Code for Wireless Service will satisfy this
19 requirement. Other commitments will be considered on a case-by-case
20 basis.

21
22 (4) demonstrate that it offers a local usage plan comparable to the one
23 offered by the incumbent LEC in the service areas for which it seeks
24 designation.

25
26 (5) certify that the carrier acknowledges that the Commission may
27 require it to provide equal access to long distance carriers in the event
28 that no other eligible telecommunications carrier is providing equal
29 access within the service area.

30
31 (b) Any common carrier that has been designated under section
32 214(e)(6) as an eligible telecommunications carrier or that has
33 submitted its application for designation under section 214(e)(6) before
34 the effective date of these rules must submit the information required
35 by paragraph (a) of this section no later than October 1, 2006, as part of
36 its annual reporting requirements under section 54.209.

37
38 (c) *Public Interest Standard.* Prior to designating an eligible
39 telecommunications carrier pursuant to section 214(e)(6), the
40 Commission determines that such designation is in the public interest.
41 In doing so, the Commission shall consider the benefits of increased
42 consumer choice, and the unique advantages and disadvantages of the
43 applicant's service offering. In instances where an eligible
44 telecommunications carrier applicant seeks designation below the study
45 area level of a rural telephone company, the Commission shall also
46 conduct a creamskimming analysis that compares the population
47 density of each wire center in which the eligible telecommunications
48 carrier applicant seeks designation against that of the wire centers in the
49 study area in which the eligible telecommunications carrier applicant
50 does not seek designation. In its creamskimming analysis, the

Commission shall consider other factors, such as disaggregation of support pursuant to § 54.315 by the incumbent local exchange carrier.

(d) A common carrier seeking designation as an eligible telecommunications carrier under section 214(e)(6) for any part of tribal lands shall provide a copy of its petition to the affected tribal government and tribal regulatory authority, as applicable, at the time it files its petition with the Federal Communications Commission. In addition, the Commission shall send the relevant public notice seeking comment on any petition for designation as an eligible telecommunications carrier on tribal lands, at the time it is released, to the affected tribal government and tribal regulatory authority, as applicable, by overnight express mail.

Q. ARE STATE COMMISSIONS PRECLUDED FROM ESTABLISHING ADDITIONAL REQUIREMENTS FOR ETCs.

A. No. In fact the FCC specifically declined to mandate that state commission adhere to the FCC requirements in order to preserve the discretion of state commissions to adopt additional requirements.

We decline to mandate that state commissions adopt our requirements for ETC designations. Section 214(e)(2) of the Act gives states the primary responsibility to designate ETCs and prescribes that all state designation decisions must be consistent with the public interest, convenience, and necessity. We believe that section 214(e)(2) demonstrates Congress's intent that state commissions evaluate local factual situations in ETC cases and exercise discretion in reaching their conclusions regarding the public interest, convenience and necessity, as long as such determinations are consistent with federal and other state law. States that exercise jurisdiction over ETCs should apply these requirements in a manner that is consistent with section 214(e)(2) of the Act. Furthermore, state commissions, as the entities most familiar with the service area for which ETC designation is sought, are particularly well-equipped to determine their own ETC eligibility requirements. Because the guidelines we establish in this Report and Order are not binding upon the states, we reject arguments suggesting that such guidelines would restrict the lawful rights of states to make ETC designations. We also find that federal guidelines are consistent with the holding of United States Court of Appeals for the Fifth Circuit that nothing in section 214(e) of the Act prohibits the states from imposing their own eligibility requirements in addition to those described in section 214(e)(1). Consistent with our adoption of permissive federal guidelines for ETC designation, state commissions will continue to maintain the flexibility to impose additional eligibility requirements in

1 state ETC proceedings, if they so choose.... (Paragraph 61, Report &
2 Order FCC 05-46)
3

4 **Q. HAS THE FCC ESTABLISHED ONGOING REPORTING REQUIREMENTS FOR CARRIERS**
5 **THAT IT DESIGNATES AS ETCs UNDER SECTION 214(E)(6) OF THE 1996 ACT?**

6 A. Yes. On an annual basis carriers designated as ETCs under section 214(e)(6) are
7 required to submit;

8 (1) progress reports on the ETC's five-year service quality
9 improvement plan, including maps detailing progress towards
10 meeting its plan targets, an explanation of how much universal
11 service support was received and how the support was used to
12 improve signal quality, coverage, or capacity; and an explanation
13 regarding any network improvement targets that have not been
14 fulfilled. The information should be submitted at the wire center
15 level;

16 (2) detailed information on any outage lasting at least 30 minutes, for
17 any service area in which an ETC is designated for any facilities
18 it owns, operates, leases, or otherwise utilizes that potentially
19 affect at least ten percent of the end users served in a designated
20 service area, or that potentially affect a 911 special facility (as
21 defined in subsection (e) of section 4.5 of the *Outage Reporting*
22 *Order*). An outage is defined as a significant degradation in the
23 ability of an end user to establish and maintain a channel of
24 communications as a result of failure or degradation in the
25 performance of a communications provider's network.
26 Specifically, the ETC's annual report must include: (1) the date
27 and time of onset of the outage; (2) a brief description of the
28 outage and its resolution; (3) the particular services affected; (4)
29 the geographic areas affected by the outage; (5) steps taken to
30 prevent a similar situation in the future; and (6) the number of
31 customers affected;

32 (3) the number of requests for service from potential customers
33 within its service areas that were unfulfilled for the past year.
34 The ETC must also detail how it attempted to provide service to
35 those potential customers;

36 (4) the number of complaints per 1,000 handsets or lines;

37 (5) certification that the ETC is complying with applicable service
38 quality standards and consumer protection rules, *e.g.*, the CTIA
39 Consumer Code for Wireless Service;

(6) certification that the ETC is able to function in emergency situations;

(7) certification that the ETC is offering a local usage plan comparable to that offered by the incumbent LEC in the relevant service areas; and

(8) certification that the carrier acknowledges that the Commission may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area.

Q. DO STATE COMMISSIONS HAVE FLEXIBILITY IN ADOPTING ONGOING REPORTING REQUIREMENTS FOR CARRIERS DESIGNATED AS ETCS UNDER SECTION 214(E)(2)?

A. Yes. As is true for the initial certification, the FCC encourages state commissions to at a minimum adopt the requirements that apply to carriers certified by the FCC but neither mandates or limits a state commission's authority with respect to establishing ongoing reporting requirements.

IV. RESPONSE TO THE APPLICATION

Q. ARE YOU SATISFIED THAT THE COMPANY'S APPLICATION DEMONSTRATES THAT IT CAN PROVIDE THE SUPPORTED SERVICES NECESSARY TO MEET THE ETC OBLIGATIONS?

A. Yes. For purposes of federal high cost support the Company is already providing the supported services or a functional equivalent to customers it serves. These services include;

- a. voice grade access to the public switched telephone network;
- b. local usage;
- c. dual tone multi-frequency signaling or its functional equivalent;
- d. single-party service or its functional equivalent;
- e. access to emergency services;
- f. access to operator services;
- g. access to interexchange service;
- h. access to directory assistance;

1 Additionally, Chariton Valley provides equal access to interexchange
2 services. The Company appears to disagree that more than one carrier of last
3 resort may be designated in an exchange but none the less has agreed to serve as
4 such.

5 **Q. HAS THE COMPANY PROVIDED SUFFICIENT DETAIL REGARDING ITS PROPOSED**
6 **LIFELINE AND LINKUP OFFERINGS?**

7 Yes, the Company's application, testimony and tariff provided a full description
8 of the terms and conditions associated with the Lifeline and Link Up services it
9 offers. Lifeline service is offered in the exchange at a discount off the basic local
10 rate. I was able to verify that the Company's tariffs provides for both Federal and
11 State Lifeline discounts and that the Company provides at least a portion of the
12 Commission approved Lifeline discounts. The full discount should include
13 waiving the \$6.50 Subscriber Line Charge (referred to by the FCC as Tier 1
14 support), providing a \$1.75 discount off the basic local rate (referred to by the
15 FCC as Tier 2 support) and providing an additional \$5.25 discount off the basic
16 local rate which consists of \$1.75 of Federal support obtained by \$3.50 in State
17 matching (referred to by the FCC as Tier 3 support). LinkUp is offered at 50% of
18 the installation rate for initiating service. Any significant change in the five-year
19 plan or in the company's service should be considered as a signal to revisit the
20 ETC status in addition to the annual certification of costs.

1 **Q. PLEASE DESCRIBE YOUR CONCERNS WITH THE COMPANY’S INSTALLATION**
2 **CHARGES.**

3 The Company’s tariff imposes different service initiation fees and other
4 miscellaneous fees based on ownership of the facilities over which a customer is
5 served. Section 23 of the Company’s local exchange tariff contains the following
6 provisions;

SERVICE CONNECTION CHARGES – Continued

C. Rates and Charges

		Chariton Valley Nonrecurring Charge		ILEC (1)
		<u>Business</u>	<u>Residence</u>	
1.	Service Ordering Charge			
	a. Initial	\$ 25.00	\$ 13.00	\$ 47.25
	b. Subsequent	\$ 9.00	\$ 4.00	\$ 24.00
2.	Line Connection Charge	\$ 14.00	\$ 7.60	N/C
3.	Restoral Charge	\$ 23.00	\$ 11.60	\$ 24.00

7
8
9 Incumbent Local Exchange Carrier (ILEC) charges apply only when services requested by or
provided to the subscriber require the Telephone Company to order or purchase facilities or services
from the ILEC. The ILEC charges contained herein are in addition to the service connection charges
of the Telephone Company and all other rates and charges located in other parts of this tariff.

10 It does not seem reasonable or in the public interest that customers
11 including Lifeline customers should be charged a higher rate based on the
12 ownership of the underlying facilities when Chariton Valley will receive high cost
13 support. Furthermore, from an economic perspective, I believe it provides
14 Chariton Valley with a method to “cream skim” because it is less likely that
15 customers in the outlying portions of the exchange (generally the highest cost to
16 serve) will be less willing to pay the higher installation charges they will face due

1 to the limited availability of Chariton Valley's network beyond the city limits of
2 Macon. High cost support is intended to offset differences in the cost of
3 providing service including installations so the Company should be prohibited
4 from engaging in such price discrimination as a condition of receiving Federal
5 High Cost support

6 **Q. DO YOU HAVE CONCERNS REGARDING THE APPLICANT'S FINANCIAL AND**
7 **TECHNICAL ABILITY TO SERVE?**

8 A. No. The Applicant has an established presence in Missouri and the Commission
9 has previously found that the Company has the financial and technical ability to
10 provide the required services.

11 **Q. ON AN ONGOING BASIS WILL THE COMPANY PROVIDE MAPS OF ITS SPECIFIC**
12 **COVERAGE IN THE RELEVANT AREAS?**

13 A. As a CLEC, the Company is already required to maintain detailed maps on file
14 with the Commission on an ongoing basis.

15 **Q. ON AN ONGOING BASIS WILL THE COMPANY SUBMIT INFORMATION ON SPECIFIC**
16 **SERVICE OFFERINGS AND THE TERMS AND CONDITIONS OF SERVICE?**

17 A. As a CLEC, the Company is already required to disclose to customers service
18 terms and conditions in its tariff.

19 **Q. HAS THE COMPANY COMMITTED TO PROMOTE THE UNIVERSAL AVAILABILITY OF**
20 **SERVICE IN ITS TERRITORY?**

21 A. Yes. The Company has committed to serve through various methods including
22 resale and to act as carrier of last resort. The Application outlines an independent
23 fiber network as the primary method for serving a customer that requests service.

1 Additionally, the company is able to serve throughout the requested area with the
2 use of resale.

3 **Q. IS THE COMPANY COMMITTED TO PROVIDE SUFFICIENT INFORMATION TO THE**
4 **COMMISSION TO, ON AN ONGOING BASIS, TO EVALUATE IF USE SUPPORT WOULD**
5 **BE USED ONLY FOR THE INTENDED PURPOSE?**

6 A. Yes. As a CLEC it will be required to do so.

7 **Q. IS THE COMPANY COMMITTED TO MINIMUM BILLING DISCLOSURES AND SERVICE**
8 **QUALITY STANDARDS, A FORMAL COMPLAINT PROCESS OR OTHER CUSTOMER**
9 **RELATIONS PROCEDURES, SUCH AS SNAP-BACK?**

10 A. Yes. As a CLEC it is required to meet minimum billing disclosures and service
11 quality standards, to submit to the Commissions formal complaint process and
12 snap-back rule.

13 **Q. HAS YOUR REVIEW OF THIS APPLICATION RAISED ANY EAS RELATED CONCERNS?**

14 A. No. The Macon exchange is not an originating or terminating EAS point.

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 A. Yes, it does.