

0001

1

COVER PAGE

2

3 Deposition of: PUBLIC SERVICE COMMISSION HEARING

4

5 Taken on: APRIL 10, 2000

6

7

TRANSCRIPT OF PROCEEDINGS

8

9 Case No. TO-99-483

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

0002

1

STATE OF MISSOURI

2

PUBLIC SERVICE COMMISSION

3

4

BE IT REMEMBERED, that the above-entitled

5

matter came on for public hearing at the St. Louis

6

County Council Chambers, 41 South Central, in the City

7

of Clayton, State of Missouri, on the 10th day of

8

April, A.D., 2000, commencing at 1:30 in the afternoon

9

of that day, said hearing having been called by the

10

Public Service Commission pursuant to the issuance of

11

due notice to all parties in interest, and the

12

following is the transcript of all proceedings had

13

during the course of said hearing.

14

15

16

A P P E A R A N C E S

17

NANCY DIPPELL, Senior Regulatory Law Judge

18

SHEILA LUMPE - Chair

M. DIANNE DRAINER - Vice-Chair

19

HAROLD CRUMPTON - Commissioner

20

MICHAEL F. DANDINO - Senior Public Counsel

MARC D. POSTON - General Counsel

21

JULIE A. KARDIS - General Counsel

22

23

24

25

1 (Thereupon, the hearing was called to order.)

2 JUDGE DIPPELL: First of all, I'd like to
3 thank the City of Clayton or the County of St. Louis
4 County for letting us use their facilities and to note
5 that the views expressed here today may not
6 necessarily be those of the County.

7 The Missouri Public Service Commission
8 has set this time for public hearing in Case Number
9 TO-99-483. This hearing was ordered by the
10 Commission, and notice of the hearing has been sent by
11 the Commission's information officers to local
12 newspapers and the County Commissions.

13 I hope that the newspapers published that
14 notice. I realize we don't have a large turnout from
15 the public today, but I'm sure that those various
16 newspapers, some of them, did pick up that notice and
17 publish about this hearing.

18 Again, my name is Nancy Dippell, and I'm
19 a Senior Regulatory Law Judge for the Missouri Public
20 Service Commission. And I'm going to be conducting
21 this hearing today and walking you through the
22 procedure.

23 I hope that if you came you probably did
24 have an opportunity to come to the educational seminar
25 and to maybe have a little bit of an understanding of

1 what was going to happen here today.

2 Prior to commencing the hearing, I'm

3 going to give a brief explanation of the agency and

4 the procedures that we are going to follow.

5 Basically the Missouri Public Service

6 Commission is a state agency which regulates the rates

7 charged by investor owned utility companies in

8 Missouri to ensure that those rates are just and

9 reasonable.

10 The quality of service and the degree of

11 safety employed in their operations are also regulated

12 by the Commission.

13 The Public Service Commission is made up

14 of five commissioners who are appointed by the

15 governor to hear and to decide cases such as these.

16 Three of the commissioners have come here

17 today. And I'll introduce them now. The Chair of our

18 Commission is Sheila Lumpe to my left. Our Vice-Chair

19 is Dianne Drainer to my immediate right. And Harold

20 Crumpton is also a commissioner to my far right.

21 The Commission also employs a staff of

22 engineers, accountants, attorneys, financial analysts

23 and other specialists in the field of utility

24 regulations and relies upon their expertise.

25 Some of those individuals are also here

1 this afternoon. And again, if you had an opportunity

2 to come to the educational seminar, you met Mr. Hoyt
3 who is here with his staff.
4 And I'll let you all -- I'll also
5 introduce you to two of the staff attorneys who are
6 here, Marc Poston in front and Julie Kardis. And we
7 also have Amonia Moore from our staff.
8 Also present today is the Office of the
9 Public Counsel. And it is the job of the Public
10 Counsel to represent you, the public, in hearings
11 before the Commission.
12 And if you have any particular questions,
13 you might want to stay and speak to the Public Counsel
14 representatives after the hearing is over.
15 There are also -- I will introduce too
16 Mr. Dandino who is a counsel for Public Counsel, and
17 he is sitting to my far right down here. And
18 Ms. Meisenheimer, sitting back in the audience, is
19 also here from the Public Counsel's Office.
20 There are also some representatives of
21 the companies involved in this case that are here
22 today. And would any of the attorneys for the
23 companies like to make entries of appearance at this
24 time? Nothing from the attorneys.
25 There are some representatives from the

1 various companies here. And if you have specific
2 company questions, I'm sure they would be happy to
3 answer those after the hearing as well.

4 In this case, the Commission was asked to
5 investigate certain aspects surrounding the
6 provisioning of the metropolitan calling area service
7 after the passage and implementation of the
8 Telecommunications Act in 1996.

9 The formal evidentiary hearings in this
10 matter will begin on May 15th in the Office of the
11 Public Service Commission in Jefferson City. And that
12 hearing will be much like a trial which you might see
13 at the local courthouse.

14 The various parties including the staff
15 of the Public Service Commission, the Office of Public
16 Counsel and these telecommunications companies will be
17 presenting expert witnesses at that time trying to
18 justify the positions that they take in this case.

19 But tonight -- or today these companies
20 are not on trial, and they're not necessarily here to
21 answer questions. We really came here today to hear
22 from the general public.

23 This is a fact finding mission on the
24 part of the Commission, and we are wanting to get your
25 input. So your comments are important to us, and they

0007

1 will be taken down by the court reporter so that we
2 have an official record of your comments and that the
3 commissioners who couldn't be here will be able to
4 review those.

5 Basically I'll begin by calling the
6 names. If you want to speak, I have a witness list.
7 And I'll begin by calling the name that's on the list.

8 And if there's anyone else who would like to speak
9 after that, I will offer an opportunity for others to
10 come forward and give their comments.

11 There may be a few beginning questions.

12 For example, I'll ask you your address and to spell
13 your name and if you are a customer of a particular
14 company. And then I will ask you to give your
15 statement.

16 There may be some additional questions
17 after you've given your statement by some of the
18 attorneys of the Public Counsel or from the
19 commissioners. And I would ask that you please remain
20 at the podium until those questions are asked.

21 So basically, again, we want to hear the
22 comments from the general public today. That was why
23 this meeting was called.

24 And before we begin, I will ask if the
25 commissioners would like to make any opening

0008

1 statements?

2 CHAIR LUMPE: No.

3 VICE-CHAIR DRAINER: Only that we thank

4 the public for attending the public hearing. Your

5 comments are very important, and they have always been

6 very effective in helping us make our decision;

7 therefore, this meeting is for you.

8 We appreciate your comments. We do hear

9 them. They do become a matter of the record. And

10 thank you for taking time from your schedule to be

11 here.

12 JUDGE DIPPELL: Okay. Then I'll go ahead

13 and call the first person to testify. And that is Don

14 Pearson.

15 (Thereupon, the Mr. Pearson was sworn.)

16 JUDGE DIPPELL: Thank you. Could you

17 state your name and spell it for the court reporter?

18 MR. PEARSON: It's Don Pearson,

19 P-e-a-r-s-o-n.

20 JUDGE DIPPELL: And could you give us

21 your address and which telephone company is your

22 telephone company?

23 MR. PEARSON: My address? I'll give you

24 my work address. It's 501 Pearl Drive, St. Peters,

25 Missouri. And we utilize GTE as our carrier.

0009

1 JUDGE DIPPELL: Thank you. Go ahead and
2 give us your statement.

3 MR. PEARSON: Okay. Hello,
4 Commissioners. I have a statement I'd like to read,
5 please. I'm Don Pearson. I work at MEMC Electronic
6 Materials headquartered at 501 Pearl Drive,
7 St. Peters.

8 We are a global leading supplier of
9 silicon wafers located at 14 sites in seven different
10 countries.

11 I directly have two U.S. site
12 responsibilities located in St. Charles and St. Louis
13 Counties. I also assist four U.S. sales offices with
14 their telecommunications needs.

15 We have ten full T-1s at two Missouri
16 sites providing 2000 phones to subscribers in my
17 company.

18 I am the full-time telephony person. I
19 provide telephony support including MAC'S, changes and
20 additions of NPA and NXX codes and do self-maintaining
21 of our switches with the general aid of upgrades and
22 major changes through the local distributor.

23 I'm also a member of the St. Louis
24 Chapter of the INNMUG Group, which is an International
25 Nortel Network Users -- or Meridian Users Group. And

0010

1 they are represented globally with more than 68
2 chapters.

3 We are an active network group striving
4 to support each other while maintaining an open
5 communications line with the manufacture of our
6 equipment to discuss common problems, concerns, ideas
7 and to make recommendations for desired software
8 changes that we would like.

9 The proposed MCA plan that I had
10 notification of here, I'd just like to make note that
11 it did not include Lincoln County in this as the MCA
12 plan. Although, the maps that I saw today do indicate
13 that Lincoln County does provide -- or is provided
14 with some MCA service.

15 JUDGE DIPPELL: Could I just interrupt
16 you for just a moment --

17 MR. PEARSON: Yes, ma'am.

18 JUDGE DIPPELL: -- and ask you, the
19 documents that you motioned to there, can you tell me
20 what those are, just so they're clear on the record?

21 MR. PEARSON: Yes, ma'am. I received
22 that from the Office of Public Counsel. And it was
23 for their immediate press release.

24 JUDGE DIPPELL: Okay. So the first one
25 you were talking about was a press release from the

0011

1 Public Counsel?

2 MR. PEARSON: Yes, ma'am.

3 JUDGE DIPPELL: And the second item that
4 you were speaking of was a handout from the public
5 meeting here today?

6 MR. PEARSON: That's correct.

7 JUDGE DIPPELL: Thank you.

8 MR. PEARSON: I would like to see the
9 following counties fall under the MCA plan for the
10 St. Louis metropolitan coverage area. And that would
11 be St. Louis City, St. Louis County, St. Charles,
12 Jefferson, Lincoln, and I would also like to see
13 Warren Counties included in that as well.
14 We've seen a vast growth of the populace
15 and businesses in these counties. And I believe that
16 the MCA plan, if it would be made mandatory for all
17 the subscribers and providers with the costs evenly
18 allocated to all users provided, could benefit
19 everyone who utilizes telephony services in these MCA
20 counties.

21 With more subscribers on the MCA plan, I
22 would think that the cost of this service could be
23 individually less than what currently is stated in the
24 different tier costs and less toll billing for the
25 local carriers thus driving down their costs.

1 Some may say that this is unjust to pay
2 for the services not utilized. I say we pay for
3 electric, gas, cable, cell phones, internet service,
4 police service, ambulance, school and library services
5 daily. We don't have to utilize these services;
6 however, we still pay for them so that we could
7 utilize them should we desire.

8 This would put the MCA providers on
9 hopefully an even platform for costing out the
10 services thus allowing them to better provide service
11 to the end users.

12 This would allow exchanges to more
13 effectively use the NXXs as primary and secondary
14 providers could use out of the same group in a NXX
15 block. Thus, fewer NXXs would be required for use in
16 these growing counties as all would be participants in
17 the MCA program.

18 This could give the MCA program a
19 twenty-first century approach and perhaps help drive
20 down costs helping local dial tone providers compete
21 more favorably against other wire and wireless
22 providers.

23 With fewer NXXs required for the coverage
24 of these counties, fewer NPA assignments would be
25 required thus giving some area code relief as well and

0013

1 possibly a trend setting for the country as well.

2 And then in 1999 MEMC did request a MCA

3 exchange. Actually, it requested MCA numbers which

4 ultimately resulted in receiving a MCA exchange

5 assignment.

6 And the new MCA exchange was to be ready

7 for use by us in August of 1999. On October 2nd we

8 cut over to the new exchange.

9 By October 22nd of 1999 here are some of

10 the problems that we had encountered at MEMC. The

11 requesting carrier, being multi-state, had within its

12 own organization conflicting information as to whether

13 we were MCA or non-MCA thus causing other carriers to

14 decipher how to put our exchange in their equipment.

15 We had most every service provider,

16 international, national, wire and wireless as well as

17 other corporation PBX programmers, stumbling to get

18 connected to us in the St. Louis area.

19 When they finally did get into us, some

20 dialed through the local exchange provider using

21 seven-digit dialing, some dialed ten-digit dialing and

22 some dialed one plus when they should have been toll

23 free.

24 This was partially due to an MCA/non-MCA

25 confusion, and the local carriers migrated toward the

0014

1 soon to be new 636 area code. It seems that they
2 didn't all allow 314 and the new NXX as a permissive
3 dial exchange.
4 This truly hampered our business as I'm
5 sure others affected felt the stress. Our new numbers
6 were unreachable for some days to some. Thankfully we
7 did still have e-mail and the internet. This did
8 lessen the blow.
9 What could have helped MEMC with this
10 problem? Had the NXX exchange been posted on the
11 internet as the NPAs are posted, the information would
12 have given all entities involved the same exchange
13 information allowing faster, easier administration of
14 all NXXs assigned out by the Missouri Public Service
15 Commission.
16 This would add company owned PBX
17 administrators as well as all dial tone service
18 providers a one source equal access location for NXX
19 information.
20 I know this would of aided the confusion
21 in this situation that I just described. It had been
22 an area of concern for all of the other INNMUG
23 members, this International Nortel Network Meridian
24 Users Group that I belong to. This has been a matter
25 of discussion of ours for some time.

0015

1 And we represent over 60 local companies
2 from city government, health care providers, school
3 districts, colleges, universities, transportation,
4 banking and many service providers and manufacturing
5 facilities.

6 This would allow end users to be
7 proactive and program in exchanges before they were
8 asked to return a call to a number that we could not
9 connect our PBXs to if it was an internet accessible
10 type of service that you all could provide or have
11 somebody provide to post these.

12 Another aid to the consumer as well would
13 be to make mandatory exchange assignment information
14 posted in the front of all the phone books. I do know
15 our carrier, GTE, does that. But I understand that
16 some carriers do not put that in their telephone
17 directories.

18 Although I do know in most cases that
19 information would be a year old, at least that
20 information would be available to somebody at some
21 point in time.

22 Thank you very much.

23 JUDGE DIPPELL: Thank you. Mr. Pearson,
24 if you could just remain for just a moment.
25 Mr. Dandino, did you have questions that

1 you wanted to ask Mr. Pearson?

2 MR. DANDINO: Really, I just have one.

3 Mr. Pearson, you talked about making it, I guess,
4 mandatory MCA for all those counties including Warren
5 and Lincoln Counties?

6 MR. PEARSON: Yes, sir.

7 MR. DANDINO: Would you see that just as
8 an additive to everyone's phone bill, or would you see
9 it more as something that the telephone companies
10 would incorporate into the local service because
11 essentially you're talking about -- if it's mandatory,
12 everyone is -- it has to be part of the local service?

13 MR. PEARSON: That's correct. It would
14 be a portion of the local service. With all the, with
15 all the commuting that we do today and the vast area
16 of the populace and business expansions that I see in
17 the area, it would seem like, if we could put everyone
18 on board with a MCA number, we would not only get area
19 code relief, but with more subscribers utilizing this
20 service the cost for the outlying areas would actually
21 be driven down because there would be more people to
22 help pay for that toll cost that -- or offset the toll
23 cost that the companies would lose.

24 MR. DANDINO: If you had mandatory MCA as
25 you suggested, you probably wouldn't have had the

0017

1 technical problem --

2 MR. PEARSON: That's correct.

3 MR. DANDINO: -- that you described.

4 MR. PEARSON: That's correct, sir. And

5 each time a new exchange is added into the system,

6 whether it be MCA or non-MCA phone companies, end

7 users such as myself are required to enter that into

8 our bar programs so that that call can complete

9 through our equipment.

10 So when exchanges are put in and nobody

11 at the end user level has notification that that has

12 happened, what generally happens is somebody tries to

13 make a call to some party and are unable to complete

14 that call.

15 And then they notify us and say, you

16 know, I'm trying to call this number. It's a good

17 number. I can't get through.

18 And then upon calling to different

19 carriers, we finally find out, oh, that is a new

20 exchange that's been issued, but we didn't have

21 notification of it.

22 End users don't get notification, so they

23 have to rely on somebody else to funnel that

24 information through to them.

25 MR. DANDINO: Mr. Pearson, would you be

0018

1 -- if you had this mandatory system, would it be --
2 would you feel that the business community would
3 support paying a significantly higher charge for MCA
4 service in order to, I guess, really benefit the whole
5 community or the people that they have to contact and
6 contact them?

7 MR. PEARSON: Well, we -- I know our
8 business company currently subscribes to MCA now. And
9 I do know that we pay ultimately a higher cost than a
10 residential service would. And I believe that that
11 cost is justified over what toll cost would be.
12 And I also believe that if every business
13 had that that it ultimately would mean that our
14 service costs might go down because we would have
15 people paying into this MCA service fund that we
16 currently don't have now.

17 MR. DANDINO: That's all I have, Your
18 Honor. Thank you.

19 JUDGE DIPPELL: Are there any questions
20 from the staff counsel?

21 MR. POSTON: No questions. Thank you.

22 JUDGE DIPPELL: Chair Lumpe, do you have
23 questions?

24 CHAIR LUMPE: Yes. This is the map you
25 were referring to on the piece of paper where you said

0019

1 you saw Lincoln County --

2 MR. PEARSON: Yes, ma'am.

3 CHAIR LUMPE: -- is included? And that

4 would be Troy and --

5 MR. PEARSON: Yes, ma'am. Troy and

6 Moscow Mills, both reside in Lincoln County, yes.

7 CHAIR LUMPE: Okay. But nothing of

8 Warrenton? Warren County isn't --

9 MR. PEARSON: Warren is -- or Warren

10 County is not currently in the MCA plan. And it's not

11 in the new MCA proposal as has been set forth so far.

12 CHAIR LUMPE: And your recommendation is

13 that every customer within here would be mandatory

14 MCA, and for every company it would be mandatory that

15 they provide it?

16 MR. PEARSON: Yes, ma'am. That would

17 help put all the major players and any entity that

18 would go into their organization as a competitor on

19 the same basis, rate basis, for the end users and the

20 general public to look at and say this is what my

21 actual cost would be to subscribe to this company

22 versus that company's service?

23 CHAIR LUMPE: What we would have created

24 would be a very -- a much larger local calling scope?

25 MR. PEARSON: That's correct.

0020

1 CHAIR LUMPE: In other words, there would

2 be one local calling scope then for --

3 MR. PEARSON: That's correct.

4 CHAIR LUMPE: -- this and then options?

5 MR. PEARSON: That's correct, ma'am.

6 CHAIR LUMPE: Okay.

7 MR. PEARSON: I think the proposal that's

8 on the board there with TO-99-483 MCA-2 already would

9 just take that down to two as it currently is

10 five-tiered. I think that is projected to only go to

11 two tiers; is that correct?

12 CHAIR LUMPE: Is there any reason why you

13 would stop with Warren County and just wouldn't --

14 MR. PEARSON: Well, I guess you could go

15 on and on --

16 CHAIR LUMPE: -- continue going further

17 south --

18 MR. PEARSON: -- across the state.

19 CHAIR LUMPE: -- further west and further

20 north?

21 MR. PEARSON: I guess you could continue

22 on across the state should you desire. I would think

23 that the populace and the business needs in that area

24 may help govern where you actually draw that line.

25 CHAIR LUMPE: I'm just thinking, you

0021

1 know, what if somebody sitting right here then would
2 say, well, why haven't you brought in me. And then
3 the person sitting next to them would say me. And
4 then you would ultimately --

5 MR. PEARSON: That's correct.

6 CHAIR LUMPE: It would be difficult to
7 draw that line and not have somebody looking --

8 MR. PEARSON: That's correct.

9 CHAIR LUMPE: -- over the fence.

10 MR. PEARSON: Yes, it would be. And I
11 thought that's why we had the public meeting so that
12 we could bring those forth, and you all would make
13 that decision as to whether that was a feasible idea
14 or not.

15 CHAIR LUMPE: Thank you, Mr. Pearson.

16 JUDGE DIPPELL: Commissioner Drainer, did
17 you have questions.

18 COMMISSIONER DRAINER: No. I don't have
19 any questions.

20 JUDGE DIPPELL: Commissioner Crumpton?

21 COMMISSIONER CRUMPTON: I just have one.

22 Am I to understand that your proposal would be revenue
23 neutral? In other words, there are some customers who
24 are making long distance calls who would no longer
25 make distance calls under your proposal. Would the

0022

1 companies, that's all the competitors, collect the
2 same amount of revenue?

3 MR. PEARSON: Currently, I don't know
4 what they do on that now. And so I would expect that
5 that would be up to the commissioners and your staff
6 to decide how to distribute that money for that cost
7 or that MCA exchange.

8 COMMISSIONER CRUMPTON: So you're not
9 really dealing with the cost of the project? You just
10 want the service level; is that correct?

11 MR. PEARSON: That's correct. Just
12 looking at it from our perspective in the St. Peters,
13 Missouri area and the outreach that we have to the
14 general areas where we provide a vast number of our
15 services and where our costs lie. As well as
16 personally, I have children that live in Warren County
17 which I would like to reach.

18 And I do know Warren County is expanding
19 business-wise rapidly. You know, it may or may not be
20 expanding as rapidly as some other outbound counties
21 that are not covered in this MCA exchange or the
22 proposed MCA exchange.

23 COMMISSIONER CRUMPTON: So you're
24 endorsing, though, like the Chair mentioned, one very
25 large calling area. You're not endorsing the two --

0023

1 the proposal with the two that you just described a
2 few minutes ago?

3 MR. PEARSON: Well, actually, it would be
4 one, yes.

5 COMMISSIONER CRUMPTON: One?

6 MR. PEARSON: The two would have both MCA
7 and non-MCA subscribers. I'm endorsing just having
8 MCA subscribers, which virtually would put everybody
9 at the same pace as MCA central in St. Louis.

10 COMMISSIONER CRUMPTON: The Chair also
11 questioned you about the range. Are you familiar with
12 the term "ladder"?

13 MR. PEARSON: Yes, I am.

14 COMMISSIONER CRUMPTON: I'm sure you are.
15 Are you familiar with the ladder wide services as some
16 competitors offer?

17 MR. PEARSON: No, sir, I'm not.

18 COMMISSIONER CRUMPTON: For a flat fee
19 you can call anywhere in the ladder. Would this be an
20 extreme case of what you were discussing with the
21 Chair where you would go beyond the counties that you
22 mentioned and carry it all the way into, not Greene
23 County, but Cole County at least?

24 MR. PEARSON: Well. I haven't looked at
25 the populace and growth in all the different counties,

0024

1 so, you know, I would hate to say that this is the
2 line that you should go to.

3 CHAIR CRUMPTON: Okay. Thank you.

4 JUDGE DIPPELL: Thank you, Mr. Pearson.

5 MR. PEARSON: Thank you.

6 JUDGE DIPPELL: I don't currently have
7 anyone else on the witness list, so is there anyone
8 else from the general public who would like to make a
9 statement?

10 Okay. Then seeing then, I will go ahead
11 and conclude this hearing. Thank you.

12 (Thereupon, this hearing was adjourned.)

13

14

15

16

17

18

19

20

21

22

23

24

25

1 NOTARIAL CERTIFICATE

2 STATE OF MISSOURI)

) SS

3 COUNTY OF ST. LOUIS)

4 I, ANGELA KOZUSZEK, a Notary Public

5 within and for the State of Missouri, do certify that

6 I acted as Shorthand Reporter at the time these

7 proceedings transpired, that these proceedings were

8 reduced to shorthand by me on the day and at the place

9 and time first aforesaid and later transcribed into

10 typewriting, and that this and the foregoing 24 pages

11 are a true and accurate transcript of the public

12 hearing held at the St. Louis County Council Chambers

13 on the 10th day of April, A. D., 2000.

14 IN WITNESS WHEREOF, I have hereunto set

15 my hand and Seal this 17th day of April, A. D., 2000.

16

17

18 _____
ANGELA KOZUSZEK

Notary Public, within and

19 for the State of Missouri

20

21

22

23

24

25