

Exhibit No.:
Issue: Suspension and Modification of
LNP Requirements
Witness: William J. Warinner
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: KLM Telephone
Company
Date: July 16, 2004

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. TO 2004-0401

**SURREBUTTAL TESTIMONY
OF
WILLIAM J. WARINNER**

ON BEHALF OF:

KLM TELEPHONE COMPANY

NON-PROPRIETARY

In the matter of the Petition of KLM Telephone)
Company for the Suspension of the FCC's)
Requirement to Implement Local Number)
Portability)

Case No. TR-2004 - 0401

County of Johnson)
State of Kansas)

AFFIDAVIT OF

WILLIAM J. WARINNER

William J. Warinner, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of William J. Warinner," that said testimony and schedules attached thereto was prepared by him and/or under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information and belief.

William J. Warinner
William J. Warinner

Subscribed and sworn to before me this 13th day of July, 2004.

Kathleen T. Coyte
Notary Public

My Commission expires:

7/7/2008



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OF
WILLIAM J. WARINNER
LOCAL NUMBER PORTABILITY
CASE NO. TO 2004-0401

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INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is William J. Warinner. My business address is 10561 Barkley Street, Suite 550, Overland Park, Kansas, 66212-1835.

Q. ARE YOU THE SAME WILLIAM J. WARINNER WHO PREVIOUSLY FILED DIRECT TESTIMONY IN THIS CASE?

A. Yes, I am.

Q. ON WHOSE BEHALF DO YOU PRESENT THIS TESTIMONY?

A. My testimony is presented on behalf of KLM Telephone Company (KLM).

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to reply to the Rebuttal Testimony of Mr. Ron Williams who filed testimony on behalf of WWC Holding Company, Inc. (Western Wireless dba Cellular One) in this case.

Q. PLEASE IDENTIFY THE AREAS OF MR. WILLIAMS' REBUTTAL TESTIMONY TO WHICH YOU PLAN TO RESPOND.

A. My Surrebuttal Testimony will address the following areas:

1. LNP and requests for suspension and modification

2. Obligation to implement local number portability (LNP)
3. Operational or technical roadblocks
4. Undue economic burden
5. Transport Costs
6. LNP and the public interest

LNP AND REQUESTS FOR SUSPENSION AND MODIFICATION

Q. IS LNP A FEDERAL COMMUNICATIONS COMMISSION (FCC) MANDATE?¹

A. No. LNP was mandated by the Telecommunications Act of 1996, Section 251, Interconnection, (b) Obligations of all Local Exchange Carriers (LEC), (2) Number Portability: "The duty to provide to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission."

Q. DOES THE TELECOMMUNICATIONS ACT OF 1996 PROVIDE FOR EXEMPTIONS, SUSPENSIONS AND MODIFICATIONS?

A. Yes, it does. Part II, Section 251, (f) Exemptions, Suspensions and Modifications, (2) Suspensions and Modifications for Rural Carriers states:
"A local exchange carrier with fewer than 2 percent of the Nation's subscriber lines installed in the aggregate nationwide may petition a State commission for a suspension or modification of the application of a requirement or requirements of subsection (b) or (c) to telephone exchange facilities specified in such petition. The State commission shall

¹ Refer to page 5, lines 2 and 3 of Mr. Williams' Rebuttal testimony filed on July 2, 2004.

1 grant such petition to the extent that, and for such duration as, the State commission
2 determined that such suspension or modification –

3 (A) is necessary –

4 (i) to avoid a significant adverse economic impact on users of
5 telecommunications services generally

6 (ii) to avoid imposing a requirement that is unduly economically
7 burdensome; or

8 (iii) to avoid imposing a requirement that is technically infeasible; and

9 (B) is consistent with the public interest, convenience and necessity.
10

11 **Q. DOES THE MISSOURI PUBLIC SERVICE COMMISSION (MoPSC) HAVE THE**
12 **AUTHORITY TO GRANT THE REQUESTED SUSPENSION AND**
13 **MODIFICATION FOR KLM?**

14 A. Yes, it does.
15

16 **Q. DOES THE FCC RECOGNIZE THE MoPSC's AUTHORITY TO GRANT KLM's**
17 **REQUEST?**

18 A. Yes, it does. The FCC specifically recognized the authority of states to grant suspensions
19 and modifications in a letter dated June 18, 2004 by FCC Chairman Michael K. Powell to
20 The Honorable Stan Wise of the National Association of Regulatory Utility
21 Commissioners. In this letter, Chairman Powell states: "The Small Business
22 Administration's Office of Advocacy has raised concerns about possible economic
23 burden that intermodal number porting may place on LECS that are small businesses,

1 particularly those in rural areas. These concerns may warrant flexibility in evaluating
2 pending waiver requests by small LECs under Section 251(f)(2). Accordingly, ... I urge
3 state commissions to consider the burdens on small businesses in addressing those waiver
4 requests and to grant the requested relief if the state commissions deem it appropriate.”²
5

6 **Q. AS IMPLIED BY MR. WILLIAMS IN HIS TESTIMONY,³ HAS THE FCC**
7 **ALREADY ADDRESSED THE ISSUES RAISED IN THIS CASE?**

8 A. In my opinion, no. The section of the Telecommunications Act of 1996 noted in Mr.
9 Williams Rebuttal Testimony refers to the FCC’s authority under Section 332 that applies
10 to Commercial Mobile Radio Services (CMRS) providers. Mr. Williams cites an Order
11 of May 10, 2004 that applies to wireless carriers. The Order for North Eastern
12 Pennsylvania Telephone Company was issued on May 13, 2004, prior to Chairman
13 Powell’s letter of June 18, 2004.
14

15 The statement by Mr. Williams that it is “clear the FCC expects enforcement of its (LNP)
16 implementation”⁴ is overly broad in that it is assumed to apply to all companies alike.
17 Mr. Williams’ statement is not supported by facts. For example, in the letter by
18 Chairman Powell to Mr. Wise, he states: “I also request that you share with NARUC’s
19 (National Association of Regulatory Utility Commissioners) membership this letter
20 encouraging state commissions to closely consider the concerns raised by small LECs

² Refer to Exhibit B of the Rebuttal testimony of Ms. Natelle Deitrich on behalf of the MoPSC Utility Operations Division filed July 2, 2004.

³ Refer to pages 3 and 4 of Mr. Williams’ Rebuttal Testimony filed July 2, 2004.

⁴ Refer to page 5, line 3 of Mr. Williams’ Rebuttal Testimony filed July 2, 2004.

petitioning for waivers.” This statement certainly doesn’t portray an expectation by the FCC that all companies must implement LNP.

Q. HAS THE FCC DELIVERED A CLEAR AND CONSISTENT MESSAGE ON LNP AS STATED IN THE TESTIMONY OF MR. WILLIAMS?⁵

A. Chairman Powell’s letter of June 18, 2004 certainly provides a different tone for consideration of LECs that are small businesses, particularly those in rural areas such as KLM. In fact, Chairman Powel encourages “parties to develop and submit data relating to the benefits of wireline-to-wireless number portability and the costs of complying with those obligations, including upgrade costs to the network and routing costs for calls forwarded to carriers.” In my opinion, this statement signals a significant change in perception by the FCC for LNP implementation requirements in rural markets, such as that served by KLM.

OBLIGATION TO IMPLEMENT LNP

Q. IS KLM OBLIGATED TO IMPLEMENT LNP AS STATED IN MR. WILLIAMS’ REBUTTAL TESTIMONY?⁶

A. Initially, rural incumbent LECs (ILECs) within the one hundred largest Metropolitan Statistical Areas (MSAs), such as KLM, were obligated to implement LNP upon receipt of a Bona Fide Request (BFR) from another wireline carrier. The FCC clarified its LNP

⁵ Refer to page 4, lines 24 and 25 of Mr. Williams’ Rebuttal testimony filed July 2, 2004.

⁶ Refer to page 5, line 7 of Mr. Williams’ Rebuttal Testimony filed July 2, 2004

1 requirements, in its Order of November 10, 2003, to include wireless carriers when a
2 rural ILEC receives BFR to port numbers.

3
4 Therefore, KLM is obligated to implement LNP. However, when KLM is obligated
5 depends upon the receipt of a BFR and whether the MoPSC grants KLM's requests for
6 suspension and modification as authorized by the Telecommunications Act of 1996.

7
8 **Q. MR. WILLIAMS REFERENCES OTHER STATE COMMISSIONS THAT HAVE**
9 **DENIED REQUESTS FOR SUSPENSION AND MODIFICATION, IMPLYING**
10 **THAT IF THE MISSOURI COMMISSION WANTS TO GRANT KLM'S**
11 **PETITION FOR SUSPENSION AND MODIFICATION IT WOULD BE THE**
12 **ONLY STATE TO DO SO. ARE YOU AWARE OF ANY STATE COMMISSION**
13 **DECISIONS GRANTING SUSPENSION AND MODIFICATION FOR SMALL**
14 **RURAL ILECS?**

15 A. Yes. The states of Missouri, Mississippi, Ohio, Illinois, West Virginia, Utah and
16 Arkansas have all addressed small company issues associated with the implementation of
17 LNP in rural areas.

18
19 For example, in performing a cost/benefit analysis for LNP, the Illinois Commerce
20 Commission found that cost scenarios between \$0.38 and \$0.82 would impose an adverse
21 economic impact on a small company's subscribers.⁷ The Public Utilities Commission of
22 Ohio also weighed the benefits against the cost of implementing LNP for a small rural

⁷ *Harrisonville Telephone Company Petition for Suspension and Modification*, Case No. 03-0731, Order, issued May 11, 2004.

1 carrier and concluded that LNP costs over \$1.00 per customer would pose a significant
2 adverse economic impact on customers and granted suspension of LNP for a small
3 company.⁸

4
5 The West Virginia Public Service Commission ruled that implementation of the FCC's
6 wireless LNP requirements on rural companies would cause a significant adverse
7 economic impact on users of telecommunications service, would impose a requirement
8 on the Company that is unduly economically burdensome, and would impose a
9 requirement that is technically infeasible.⁹

10
11 A number of states have granted suspensions and modifications for small rural carriers
12 similar to that requested by KLM. In a case presented before the Arkansas Commission,
13 *In the Matter of the Emergency Petition of Decatur Telephone Company for Suspension*
14 *of the Local Number Portability Obligations of Section 251(b) of the Communications*
15 *Act*, Docket No. 04-016-U, the Commission found that it was in the public interest to
16 suspend Decatur's LNP obligations because LNP will create a significant adverse
17 economic impact on Decatur's ratepayers and an undue economic burden on the rural
18 telephone company.

19
20

⁸ *Application of Vaughnsville Telephone Company to suspend or Modify its LNP Obligations*, Case No. 03-1972-TP-UNC, 2004 Ohio PUC LEXIS 33, Order, entered Feb. 11, 2004.

⁹ *Armstrong Telephone Company Petition for Consent and Approval of Suspension of Wireline to Wireless Number Portability Obligations Pursuant to Section 251(f)(2) of the Communications Act*, Case No. 03-1749-T-PC, 2004 W. Va. PUC LEXIS 970, entered March 8, 2004.

1 The Utah Public Service Commission recognized that under existing FCC LNP
2 requirements, the costs of implementing intermodal portability will be borne by all
3 customers of rural companies, even though no customers have expressed a desire for the
4 capability and that few, if any, would avail themselves of the capability if made
5 available.¹⁰

6
7 The Mississippi Public Service Commission recognized the economic burden on small
8 companies and the uncertain resolution of LNP issues in rural areas when it granted
9 suspension to a group of small rural ILECs stating that:

10 The Commission finds that the costs associated with deploying and properly
11 implementing intermodal porting may be significant, that no end user demand
12 for intermodal has been demonstrated, and that certain of the costs are not yet
13 known. Further, the Commission finds that the economic burden to the
14 Independents and their respective end users is not justified until further issues
15 resolution is forthcoming from the FCC and the courts with respect to the
16 Independents' intermodal porting obligations.¹¹

17
18
19
20

¹⁰ *In the Matter of the Utah Rural Telecom Association's Request for Suspension of Wireline to Wireless Number Portability Obligations Pursuant to Section 252(f)(2)*, Docket No. 04-2424-01, Order Granting Suspension, issued March 17, 2004.

¹¹ *Petition of Mississippi Incumbent Rural Telephone Companies for Suspension of Wireline to Wireless Number Portability Obligations Pursuant to Section 251(f)(2) of the Communications Act*, Case No. 03-UA-918, Order, issued May 24, 2004.

1 Finally, this Missouri Commission recently granted modifications for fifteen (15)
2 small rural telephone companies.¹²
3

4 **Q. MR. WILLIAMS STATES THAT WESTERN WIRELESS “IS NOW IN THE**
5 **PROCESS OF ISSUING A BFR” TO KLM.¹³ HAS KLM RECEIVED A BFR**
6 **FROM WESTERN WIRELESS?**

7 A. Yes, KLM received the BFR from Western Wireless for LNP on July 6, 2004.
8

9 **Q. HAS WESTERN WIRELESS BEEN NOTIFIED OF KLM’S APPLICATION TO**
10 **THE MoPSC FOR WAIVER OF THE FCC’S LNP IMPLEMENTATION**
11 **REQUIREMENTS?**

12 A. Yes. As stated in the response from Mr. Bruce Copsey, attached as Exhibit A, Western
13 Wireless was advised on July 8, 2004 of KLM’s application for waiver of the FCC’s LNP
14 implementation requirements with the MoPSC.
15

16 **Q. WHAT DO YOU INFER FROM THE TIMING OF WESTERN WIRELESS’S**
17 **BFR?**
18
19

¹² On June 29, the Commission granted modifications for Chariton Valley Telephone Corporation (IO-2004-0467), Chariton Valley Telecom (CO-2004-0469), Choctaw Telephone Company (IO-2004-0546), Citizens Telephone Company of Higginsville (TO-2004-0486), Fidelity Telephone Company (TO-2004-0489), Goodman Telephone Company (TO-2004-0490), Granby Telephone Company (TO-2004-0493), Kingdom Telephone Company (TO-2004-0487), Le-Ru Telephone Company (TO-2004-0494), McDonald County Telephone Company (TO-2004-0491), Mid-Missouri Telephone Company (TO-2004-0455), MoKan Dial, Inc. (IO-2004-0545), Northeast Missouri Rural Telephone Company (IO-2004-0468), Ozark Telephone Company (TO-2004-0490), and Seneca Telephone Company (TO-2004-0490).

¹³ Refer to page 5, lines 17 to 19 of Mr. Williams’ Rebuttal Testimony filed July 2, 2004.

1 A. The fact that Western Wireless is only now, approximately four (4) months after the
2 filing of KLM's Petition, issuing a BFR suggests to me that implementation of LNP by
3 KLM is not as critical to Western Wireless's business plan as Mr. Williams claims.
4

5 **Q. MR. WILLIAMS STATES THAT "SIMILARLY SITUATED RURAL LECS**
6 **WITH SIMILAR SWITCHING EQUIPMENT ARE IMPLEMENTING LNP".¹⁴**
7 **DOES MR. WILLIAMS PROVIDE ANY EVIDENCE TO SUPPORT THIS**
8 **STATEMENT?**

9 A. No, he does not. In Missouri, at least three other companies have Mitel switches and all
10 of them have sought suspensions and/or modification of LNP requirements. The opposite
11 appears to be the case in Missouri; all similarly situated rural LECs have requested
12 suspension and modification of LNP.
13

14 **OPERATIONAL OR TECHNICAL ROADBLOCKS**
15

16 **Q. MR. WILLIAMS' REBUTTAL TESTIMONY STATES THAT "KLM HAS NOT**
17 **IDENTIFIED ANY TECHNICAL INFEASIBILITY AS A BASIS FOR THEIR**
18 **REQUESTED SUSPENSION OF LNP OBLIGATIONS."¹⁵ DO YOU AGREE**
19 **WITH THIS STATEMENT?**

20 A. No, I do not.
21

22 **Q. PLEASE EXPLAIN.**

¹⁴ Refer to page 9, lines 19 and 20 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

¹⁵ Refer to page 12 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

1 A. Mr. Bruce Copsey's Direct Testimony¹⁶ identified the technical problems that prevent
2 KLM from implementing LNP. First, KLM's switches are not LNP capable. Second,
3 KLM does not have facilities outside its local exchange area and therefore cannot
4 transport calls outside its exchange boundaries. In addition, my Direct Testimony
5 referenced the fact that "the FCC has yet to resolve the responsibilities of the carriers to
6 transport local traffic between one another when no interconnection facilities exist."¹⁷

7
8 KLM considers the LNP request of Western Wireless to be technically infeasible because
9 Western Wireless requests numbers be ported to its points of interconnection (POI) in
10 Kansas City, Springfield and Branson.¹⁸ KLM is not technically capable or legally
11 authorized to transport local calls outside its exchange boundaries. Furthermore, Western
12 Wireless requests that KLM provide intermodal LNP to a Western Wireless POI that is in
13 a different LATA from KLM, which KLM believes does not comply with the current
14 FCC rules.

15
16 **Q. IN YOUR OPINION, IS THE RATING AND ROUTING OF LOCAL CALLS AN**
17 **"OPERATIONAL OR TECHNICAL ROADBLOCK" TO IMPLEMENT LNP OR**
18 **"AN UNDUE ECONOMIC BURDEN"?**

19 A. The fact that KLM does not have facilities beyond its local exchange boundaries is a
20 "technical roadblock" to LNP implementation. Delivering calls outside of KLM's local
21 exchange boundaries could also impose an "undue economic burden" as discussed below.

¹⁶ Refer to pages 9 and 10 of Mr. Copsey's Direct Testimony filed on June 4, 2004.

¹⁷ Refer to page 7, lines 12 to 15 of Mr. Warinner's Direct Testimony filed June 4, 2004.

¹⁸ Per Western Wireless' response Question 27 from the Second Set of Data Requests

1 Therefore, the rating and routing of local calls is both a "technical roadblock" and an
2 "undue economic burden" on KLM.

3
4 **Q. MR. WILLIAMS SUGGESTS THAT PORTED CALLS TO A WIRELESS**
5 **PROVIDER COULD BE PROVIDED VIA A THIRD PARTY "TRANSIT"**
6 **PROVIDER.¹⁹ WHAT IS A THIRD PARTY "TRANSIT" PROVIDER AND**
7 **WHAT TYPE OF TRAFFIC DOES IT CARRY?**

8 A. A third party "transit" provider is a facility based intermediate carrier that carries traffic
9 between the networks of an originating carrier and a terminating carrier. Transit traffic is
10 local traffic carried by an intermediate or third party carrier between the networks of an
11 originating carrier and a terminating carrier.

12
13 **Q. ARE TRANSIT SERVICES PROVIDED UNDER TARIFF?**

14 A. No. Transit services are made available to carriers on an optional basis subject to a
15 contractual arrangement between the parties.

16
17 **Q. DOES KLM PROVIDE TRANSIT SERVICES TO ANY CARRIERS?**

18 A. No. KLM does not own facilities outside its local exchange areas that carry traffic
19 between the networks of originating and terminating carriers.

20
21 **Q. DO ANY OTHER CARRIERS PROVIDE TRANSIT SERVICES TO KLM?**

¹⁹ Refer to page 12, lines 17 to 19 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

1 A. No. KLM has never had the need to contract for transit services from other carriers
2 because it does not terminate local traffic outside its exchange boundaries.

3
4 **Q. DOES KLM SEND TRANSIT TRAFFIC TO OTHER CARRIERS?**

5 A. No. KLM does not provide transit traffic to other carriers because it does not terminate
6 any of its own customers' local traffic outside its exchange boundaries.

7
8 **Q. DO ANY OTHER CARRIERS SEND TRANSIT TRAFFIC TO KLM?**

9 A. Yes. Southwestern Bell Corporation (SBC) terminates transit traffic to KLM subject to
10 contractual agreements it has with other wireless carriers like WW who originate (non-
11 toll) traffic destined for the customers of KLM. It is optional for originating carriers to
12 contract with SBC to terminate their traffic to other carriers connected to SBC's network.
13 They choose to do so because (1) they want to terminate traffic outside their local service
14 area and (2) SBC sometimes provides a cheaper alternative to building facilities to the
15 end offices of carriers outside the originating carrier's local service area.

16
17 **Q. DO YOU AGREE WITH MR. WILLIAMS THAT ROUTING OF PORTED**
18 **CALLS TO A WIRELESS PROVIDER COULD BE PROVIDED VIA A THIRD**
19 **PARTY "TRANSIT" PROVIDER?**

20 A. Routing ported calls through a third party "transit" provider may be possible from an
21 engineering perspective subject to network modifications. However, in order to
22 implement the routing of ported calls to a third party "transit" provider, an agreement
23 must be negotiated with the transit service provider and other terminating carriers for the

1 payment of transit fees to the transit service provider and terminating access or
2 terminating compensation to the terminating carrier. Before proceeding with this option,
3 the underlying question of “who benefits and who pays” must be addressed. This case,
4 which addresses the issues of public interest and undue economic burden, may provide
5 the basis for an intermediate resolution to these issues until such time as the FCC
6 considers the rating and routing problems associated with intermodal porting of numbers
7 when the wireless carrier has no physical connection or presence in the local rate center
8 of the ILEC.

9
10 **Q. DOES KLM CURRENTLY HAVE ANY AGREEMENTS WITH “TRANSIT”**
11 **PROVIDERS TO TERMINATE ITS LOCAL TRAFFIC OUTSIDE ITS LOCAL**
12 **EXCHANGE AREAS?**

13 A. No. KLM does not terminate local traffic outside its local exchange areas so agreements
14 for transit services from other carriers have not been required.

15
16 The only traffic originating in KLM’s exchanges and routed to parties outside its local
17 exchange areas is the originating toll traffic of IXC’s. The originating toll traffic of IXC’s
18 is routed in accordance with the provisions of the FCC’s and MoPSC’s rules regarding
19 presubscription.

20
21 **Q. DOES KLM HAVE “COMMON SHARED FACILITIES TO THE LATA**
22 **TANDEM”?²⁰**

²⁰ Refer to page 12, lines 19 to 21 of Mr. Williams’ Rebuttal Testimony filed on July 2, 2004.

1 A. No. KLM only owns facilities to a meet-point with SBC. KLM does not “share”
2 facilities with SBC. KLM and SBC have common trunks for the exchange of traffic.
3 SBC terminates traffic over these common trunk groups to KLM from wireless carriers,
4 other LECs and IXC. KLM directs IXC traffic to the LATA tandem over these trunk
5 groups for interconnection with the IXCs and access is paid by the IXC for KLM’s
6 transport costs.

7
8 **Q. ARE THE KLM/SBC TRUNK GROUPS USED BY KLM TO TERMINATE**
9 **LOCAL CALLS?**

10 A. No. Local traffic is originated and terminated by KLM within KLM’s local exchange
11 boundaries using facilities wholly owned and operated by KLM. Also, KLM has no
12 extended area service (EAS) arrangements, so KLM handles local calls within its own
13 exchange boundaries.

14
15 **UNDUE ECONOMIC BURDEN**
16

17 **Q. MR. WILLIAMS STATES THAT “KLM CAN RECOVER THIS MODEST**
18 **UPGRADE INVESTMENT OVER FIVE YEARS VIA THE COST RECOVERY**
19 **METHODS AVAILABLE IN THE FCC RULES.”²¹ DO YOU AGREE WITH**
20 **THIS STATEMENT?**

21 A. I agree that KLM can elect to file information with NECA to establish rates for the
22 recovery of LNP implementation costs from KLM’s end users over a five-year period.

²¹ Refer to page 14, lines 8 to 18 of Mr. Williams’ Rebuttal Testimony filed July 2, 2004.

1 However, I disagree with Mr. Williams' characterization of a "modest upgrade
2 investment." As discussed in the Direct Testimony of Mr. Bruce Copsey,²² the Mitel
3 switches that were installed in 1999 require complete replacement by December 2007
4 when all Mitel technical support ends. Any future replacement switches will include
5 LNP functionality. When taking into consideration all of the related financial impacts of
6 the switch replacement, the impact of the situation is more than "modest" to the
7 customers of KLM. Sound business decisions normally do not include duplicate
8 spending. That is the point of KLM's reluctance in investing in LNP until such time as
9 replacement of the Mitel switches is required, and it is the basis for KLM's Petition to
10 suspend the LNP requirement to a date that is closer to the withdrawal of Mitel's
11 technical support.

12
13 Mr. Williams supports recovering LNP costs from KLM end users to meet the schedule
14 of Western Wireless, rather than to consider KLM's schedule that is based upon the
15 discontinuance of Mitel's technical support. Once again, the question should be asked --
16 "Who benefits and who pays?"

17
18 **Q. MR. WILLIAMS SUGGESTS THAT THE COST PROJECTIONS PROVIDED**
19 **BY KLM OVERSTATE TWO OF THE MONTHLY RECURRING CHARGES**
20 **FOR THE OPERATIONAL COSTS OF LNP.²³ WILL YOU PLEASE PROVIDE**
21 **THE BASIS FOR THE ESTIMATED MONTHLY RECURRING CHARGES**
22 **INCLUDED WITH KLM's LNP COSTS?**

²² Refer to page 5 and 8 of Mr. Copsey's Direct Testimony filed on June 4, 2004.

²³ Refer to page 14 and 15 of Mr. Williams' Rebuttal Testimony filed on July 2m 2004.

1 A. Yes. KLM prepared the LNP cost estimates from the only providers that KLM
2 management were aware of that offered LNP services necessary to satisfy LNP
3 implementation at the time the cost estimates were prepared. The cost estimate was also
4 prepared before seminars and before KLM became aware of other companies offering
5 their services through their advertisements in monthly trade publications. When KLM is
6 required to implement LNP, KLM management personnel will review the various
7 companies who offer LNP services and determine which provider is most compatible
8 with KLM's rural operations. In fact, this data will be required by NECA to determine
9
10 KLM's LNP surcharge. KLM's LNP cost projections were filed in good faith with the
11 MoPSC in February 2004 based on information that was available to KLM at the time.
12 The cost projections provided in Mr. Williams' Proprietary Exhibit 4A also present an
13 "estimate" of LNP implementation costs and may be subject to change upon actual
14 contracts entered into by KLM at the time LNP is implemented.

15
16 **Q. MR. WILLIAMS STATES, "THE BAR HAS BEEN SET VERY HIGH FOR**
17 **GRANTING AN EXCEPTION ON THE BASIS OF COSTS OF**
18 **IMPLEMENTING" LNP. DID MR. WILLIAMS PROVIDE EXAMPLES OF**
19 **COSTS FROM ANY JURISDICTION TO SUPPORT THE VERY HIGH BAR?**

20 A. No, not with Mr. Williams' Rebuttal Testimony. However, in Missouri, the MoPSC Staff
21 established a charge not to exceed \$1.68 per customer as the "bar" for LNP
22 implementation costs. Although KLM's estimated LNP implementation cost is below
23 this threshold, other extenuating circumstances regarding the timing of its switch

1 replacement and recognition of extraordinary retirement costs could propel the impact to
2 over \$1.68 per customer and should be considered when determining whether to grant
3 KLM's request for suspension and modification.
4

5 **Q. MR. WILLIAMS STATES THAT KLM HAS FAILED TO DEMONSTRATE**
6 **THEIR COSTS ARE UNDULY BURDENSOME.²⁴ DO YOU AGREE WITH THIS**
7 **STATEMENT?**A. No. As discussed above, and in the Direct Testimony of Mr. Bruce
8 Copsey, the situation with the Mitel switches drives the determination of "unduly
9 burdensome." Any expenditure of funds to update the current switches would be unduly
10 burdensome if the existing switch with its LNP modifications are taken out of service in
11 the next two years. In addition, the "rating and routing" of ported numbers places
12 another undue burden on KLM, which is discussed below; this issue is considered with
13 "transport costs" in Mr. Williams' Rebuttal Testimony.
14

15 **TRANSPORT COSTS**

16

17 **Q. WHAT IS THE ISSUE REGARDING TRANSPORT COSTS ON PORTED**
18 **NUMBERS?**

19 A. The issue is that KLM does not have facilities or arrangements in place that would allow
20 KLM to transport a local call outside of its authorized local exchange areas. Western
21 Wireless does not have facilities either, and has therefore entered into an interconnection
22 agreement with SBC, whose network is connected to KLM. Western Wireless' calls are
23

²⁴ Refer to page 16, lines 8 and 9 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

1 terminated to KLM over common trunk groups established between KLM and SBC for
2 the routing of toll calls between the carriers. Today, a call from a KLM subscriber to a
3 Western Wireless customer is provisioned as a toll call because Western Wireless does
4 not maintain a local presence in any of KLM's exchanges.

5
6 An IXC that originates calls from KLM's exchanges pays transport charges to
7 intermediate carriers (such as SBC) and terminating compensation to wireless carriers.
8 Wireless carriers that terminate traffic to KLM pay transport charges to transit carriers in
9 accordance with interconnection agreements and terminating compensation to KLM as
10 part of the wireless terminating rate in the absence of interconnection agreements.

11
12 **Q. MR. WILLIAMS STATES THAT WESTERN WIRELESS PROPOSED A MEANS**
13 **TO RESOLVE THE TRANSPORT MATTER. PLEASE SUMMARIZE THIS**
14 **PROPOSAL.**

15 A. As stated in Mr. Williams' Rebuttal Testimony, Western Wireless would "reimburse
16 KLM for indirect transit costs associated with the routing of calls to numbers ported from
17 KLM to Western Wireless, at a rate equivalent to what Western Wireless pays SBC. The
18 offer should be sufficient to cover KLM's costs of routing traffic to numbers ported to
19 Western Wireless."²⁵ Mr. Williams further states that KLM could adopt one of the
20 interconnection arrangements in Missouri for transit purposes.²⁶

21
22 **Q. WHAT IS YOUR RESPONSE TO THIS OFFER?**

²⁵ Refer to page 17 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

²⁶ Refer to page 18, lines 1 and 2 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

1 A. First of all, there is no existing ILEC to ILEC agreement that KLM could use as a basis
2 for negotiation of KLM transit traffic, and the process of obtaining an agreement would
3 be costly whether or not arbitration was necessary.
4

5 Secondly, there is no guarantee that KLM would obtain the same rate as Western
6 Wireless; and lastly, Mr. Williams has not presented any cost data to support his
7 statement that “the offer should be sufficient to cover KLM’s costs” (emphasis added).
8 Therefore, we disagree on what could be “economically burdensome” to KLM in
9 reaching an agreement with a third party “transit” provider (SBC).
10

11 **Q. DOES WESTERN WIRELESS PAY SBC FOR SIMILAR TRANSIT ROUTING?**

12 A. Yes, Mr. Williams’ Rebuttal Testimony establishes that Western Wireless pays SBC for
13 transit routing.²⁷ KLM received a copy of the “Missouri Agreement for Interconnection
14 and Reciprocal Compensation” between Western Wireless Corporation and Southwestern
15 Bell Telephone Company (now SBC) that was effective in April of 1997, in response to
16 KLM’s second set of data requests.
17

18 **Q. DOES THE INTERCONNECTION AGREEMENT COVER TRAFFIC TO THIRD**
19 **PARTY PROVIDERS?**

20 A. Yes, it does. The agreement states that Western Wireless and SBC “shall compensate
21

²⁷ Refer to page 17, lines 10 to 12 of Mr. Williams’ Rebuttal Testimony filed on July 2, 2004.

1 each other for traffic that transits their respective systems to any third party providers.”²⁸

2
3 **Q. DOES SBC TRANSIT TRAFFIC TO WESTERN WIRELESS?**

4 A. Yes. In response to a KLM data request, Western Wireless stated as follows:
5 “SBC currently delivers transit traffic to WWC under the terms of its Missouri
6 interconnection agreement.”²⁹

7
8 **Q. DOES WESTERN WIRELESS’S INTERCONNECTION AGREEMENT WITH
9 SBC ALSO OFFER AN AREA WIDE CALLING PLAN?**

10 A. Yes, it does. The Area Wide Calling Plan “is an optional reverse billing arrangement
11 which may be requested by the Carrier (Western Wireless).” This optional service
12 permits SBC’s end user to call certain Western Wireless end users from any location
13 within the LATA (Local Access Transport Area) without incurring an additional charge,
14 i.e., no “toll” charges are applied to the SBC’s end user.”³⁰

15
16 **Q. COULD WESTERN WIRELESS EXTEND ITS ARRANGEMENTS WITH SBC
17 TO COVER CALLS TO PORTED NUMBERS FROM KLM AND RESOLVE
18 THE TRANSPORT ISSUE ON AN INTERIM BASIS?**

19 A. Yes. Western Wireless could negotiate with SBC to pay for the ported calls from KLM
20 to Western Wireless’ end users under either the “transiting” or Area Wide Calling Plan
21 sections of the current agreement. This would place the costs on the company who

²⁸ Refer to Section 3.1.3 of the Agreement for Interconnection and Reciprocal Compensation signed in April of 1997.

²⁹ Per Western Wireless’ response to Question 24 from the Second Set of KLM’s Data Requests.

³⁰ Refer to Section 5.5 of the Agreement for Interconnection and Reciprocal Compensation signed in April of 1997.

1 benefits from ported numbers and helps answer the question -- "Who benefits and who
2 pays?"

3
4 **Q. MR. WILLIAMS' REBUTTAL TESTIMONY STATES THAT "MR. COPSEY'S**
5 **TESTIMONY IMPLIES THAT KLM WILL MISROUTE CALLS TO PORTED**
6 **NUMBERS AS TOLL CALLS."**³¹ **HOW DO YOU INTERPRET MR. COPSEY'S**
7 **TESTIMONY?**

8 A. Mr. Williams' testimony references page 9, lines 12 to 16 of Mr. Copsey's testimony.
9 The testimony in dispute states; "All KLM wireline calls to wireless customers must be
10 placed as 1+ toll calls using the facilities of the calling customer's presubscribed
11 interexchange carriers." Mr. Copsey's testimony further states, "To achieve LNP
12 requirements apparently contemplated by the FCC, KLM would have to transport local
13 calls outside its exchange boundaries for termination to wireless carriers in rate centers
14 throughout the LATA."

15
16 Mr. Copsey was merely stating the facts. Currently, the only way that KLM's customers
17 can call a customer of Western Wireless or any other wireless carrier is by dialing 1+ and
18 having toll charges assessed to KLM's end users. Calls to Western Wireless are not
19 local. Unlike the service areas of SBC, where wireless and wireline service areas overlap
20 and direct interconnection facilities exist, KLM cannot implement interconnection
21 without a third party.

22

³¹ Refer to page 18, lines 6 and 7 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

1 This is the basis for the "rating and routing" issues currently pending before the FCC.
2 The wireline-to-wireless porting of numbers for KLM creates an inequity because the
3 majority of calls to Western Wireless subscribers will remain toll calls except for calls to
4 the ported numbers of the few. "Who benefits?" The Western Wireless customer who
5 elects to port their number benefits. "Who pays?" The remaining customers of KLM
6 will pay for the benefits provided to the ported Western Wireless customer.
7

8 **Q. MR. WILLIAMS STATES THAT; "IT WOULD MAKE NO SENSE WHERE**
9 **YOUR NEIGHBOR HAD TO DIAL TOLL TO REACH YOUR TELEPHONE**
10 **NUMBER JUST BECAUSE YOU CHANGED YOUR SERVICE PROVIDER."**³²
11 **DO YOU HAVE A COMMENT ON THIS STATEMENT?**

12 **A.** Certainly. If my new service provider does not maintain a physical presence in the local
13 calling area of my neighbor, it would make perfect sense for my neighbor to reach my
14 telephone number via a toll call. Toll charges were established to recover the additional
15 costs of transporting calls to the facilities of other carriers outside the local calling area of
16 the originating carrier.
17

18 What makes no sense is that the FCC ordered LNP implementation in rural areas without
19 considering the ramifications of the "rating and routing" issues and the differences in the
20 coverage areas of rural LECs and wireless providers. Decisions that may work in urban
21 areas do not always work in rural areas. It doesn't make sense when a carrier, who does
22

³² Refer to page 13, lines 1 and 2 of Mr. Williams Rebuttal testimony filed on July 2, 2004.

1 not maintain a physical presence in KLM's local calling area, can obtain all the benefits
2 of a local presence (local calling) in KLM's local calling area through local number
3 portability without incurring any costs. It makes even less sense when a carrier, who
4 does not maintain a physical presence in KLM's local calling area, can obtain all the
5 benefits of a local presence in KLM's local calling area through local number portability
6 and KLM's customers have to pay the additional switching and transport costs associated
7 with that carrier's benefit.

8
9 If a wireless carrier wants the benefits associated with local calling in a wireline carrier's
10 service area, let them pay for that benefit by establishing a direct interconnection with the
11 facilities of the wireline carrier or establishing arrangements with another carrier. The
12 cost causer should be the cost payer.

13
14 **Q. HAS THE FCC RECOGNIZED THE "RATING AND ROUTING" ISSUES**
15 **ASSOCIATED WITH THE IMPLEMENTATION OF LNP IN RURAL AREAS**
16 **SINCE RELEASING THE LNP IMPLEMENTATION REQUIREMENTS?**

17 A. Based on the tone of the letter from Chairman Michael K. Powell to The Honorable Stan
18 Wise of NARUC previously referenced, I believe the FCC now recognizes that the LNP
19 requirements for rural areas are different from the LNP requirements for urban areas. It
20 is apparent that the FCC is now encouraging state commissions to grant relief to small
21 businesses in rural areas from the economic burdens associated with intermodal number
22 porting. In his letter, Chairman Powell states that those economic burdens "may warrant
23 flexibility in evaluating pending waiver requests by small LECs under Section 251(f)(2)."

1 Chairman Powell further states that "Accordingly, and notwithstanding Chief Snowden's
2 letter, I urge state commissions to consider the burdens on small businesses in addressing
3 those waiver requests and to grant the requested relief if the state commissions deem it
4 appropriate."

5
6 **LNP AND THE PUBLIC INTEREST**
7

8 **Q. MR. WILLIAMS STATES THAT WESTERN WIRELESS BELIEVES KLM IS**
9 **MORE LIKELY TO EXPERIENCE AN INTERMODAL PORT VOLUME OF 300**
10 **PORTS OVER A FIVE YEAR PERIOD.³³ DOES MR. WILLIAMS PROVIDE**
11 **ANY EVIDENCE TO SUPPORT THIS CLAIM?**

12 **A.** No. Mr. Williams does not provide any data to support the 300 ports over a five-year
13 period. However, the response from Western Wireless to the Second Set of Data
14 Requests, question 8, provides a different number with an estimate for a total of ***
15 *** (PROPRIETARY) ports from KLM over five (5) years.

16
17 Media coverage has also indicated low demand for LNP, such as the following quote
18 from the Omaha World-Herald:

19 An executive of Western Wireless, which operates the Cellular One
20 wireless brand that is popular outside major metro areas, said traffic in its
21 stores was not particularly heavy. "Volumes are lighter than expected,"
22 said Eric Hertz, chief operating officer. Hertz said the ability to switch
23 wireless companies and keep your old number may not be as big a priority

1 as wireless companies first thought. "People just don't see the need," Mr.
2 Hertz said of portability.³⁴
3

4 **Q. MR. WILLIAMS DISPUTES KLM's ESTIMATE OF THREE (3) CUSTOMERS**
5 **OVER A SIX (6) MONTH PERIOD.³⁵ WHAT EVIDENCE DOES MR.**
6 **WILLIAMS PROVIDE THAT WOULD INCREASE THIS ESTIMATE?**

7 A. Mr. Williams states that "Wired Magazine recently reported that roughly 3% of homes
8 have dropped their landlines and 8% are expected to follow suit in the next five years."³⁶
9 I believe these ratios are more attributable to urban areas where the quality of wireless
10 signals are more dependable. KLM customers are less likely to drop their landline
11 service because wireless service is not nearly as dependable as wireline service.
12 However, even when using the 3% from Wired Magazine and applying this to KLM's
13 1,605 access lines, the number of ported wireline numbers would be forty-eight (48);
14 which is much less than the estimate of three hundred (300) ports by Mr. Williams.
15

16 **Q. MR. WILLIAMS STATES THAT NUMBER PORTABILITY HAS BEEN AN**
17 **"ENABLER OF COMPETITION WHEREVER IT HAS BEEN**
18 **IMPLEMENTED." HE FURTHER STATES THAT "SBC HAS EXPERIENCED**
19 **A SUBSTANTIAL LOSS OF CUSTOMERS TO THE ADVENT OF NUMBER**

³³ Refer to page 19, lines 18 and 19 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

³⁴ "Wireless Phones Hit 2nd Wave," Omaha World-Herald, June 3, 2004, an article by Virgil Larson.

³⁵ Refer to page 19 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

³⁶ Refer to page 20, lines 8 to 10 of Mr. Williams' Rebuttal Testimony filed on July 2, 2004.

1 **PORTABILITY.”³⁷ DO YOU BELIEVE MR. WILLIAMS IS REFERRING TO**
2 **WIRELINE-TO-WIRELESS PORTABILITY?**

3 A. Mr. Williams may be implying that wireline-to-wireless porting has resulted in a
4 substantial loss of customers to SBC, but I believe that the major loss of SBC customers
5 was to other wireline competitive LECs. Mr. Williams does not provide any supporting
6 evidence as to the number of customers SBC has lost to wireless simply because porting
7 was available.

8
9 **Q. MR. WILLIAMS STATES THAT “THERE IS NO REASON WHY**
10 **COMPETITIVE CHOICE, ENABLED BY PORTABILITY SHOULD BE**
11 **DELAYED FOR KLM CUSTOMERS.”³⁸ DO YOU BELIEVE THERE ARE**
12 **REASONS THAT PORTABILITY SHOULD BE DELAYED FOR KLM**
13 **CUSTOMERS?**

14 A. Yes, the reasons why number portability should be delayed for KLM customers have
15 been discussed extensively in my testimony. It is not in the public’s best interest to incur
16 costs today for an unknown demand, especially when all of the costs are still unknown
17 since the FCC has not addressed the issue of carrier responsibility for the transport of
18 calls outside the local exchange areas of KLM. If the FCC modifies its rules and places
19 the cost of intermodal transport on Western Wireless, they may no longer want LNP from
20 KLM.

21

³⁷ Refer to Page 19, lines 10 to 13 of Mr. Williams’ Rebuttal Testimony filed on July 2, 2004.

³⁸ Refer to page 19, line 23 and page 20, lines 1 and 2 of Mr. Williams’ Rebuttal Testimony filed July 2, 2004.

1 **Q. MR. WILLIAMS STATES, “WE BELIEVE IT IS UNFAIR THAT CARRIERS ...**
2 **WOULD BE EXEMPTED FROM THEIR OBLIGATIONS AND THEREBY**
3 **LIMIT OUR ABILITY TO RECOUP THE LNP INVESTMENTS WE HAVE**
4 **MADE.”³⁹ HAS KLM LIMITED WESTERN WIRELESS’ ABILITY TO**
5 **RECOUP THEIR LNP INVESTMENTS?**

6 **A. No.** This argument by Mr. Williams is somewhat confusing given that Western Wireless
7 is recouping its LNP investments through a charge assessed to each of its customers on a
8 monthly basis. It is hard for me to be concerned about the ability of Western Wireless to
9 recoup its LNP investments from ported customers when I compare it to the costs KLM
10 customers will be required to pay if KLM’s LNP suspension request is denied and KLM
11 is required to pay for the cost of transporting local calls to ported numbers of Western
12 Wireless.

13
14 **Q. MR. WILLIAMS CITES STATEMENTS MADE BY WIRELESS BUREAU**
15 **ASSISTANT CHIEF DAVID FIRTH THAT “THE VOLUME OF ACTUAL**
16 **NUMBER PORTING WOULD NOT BE THE MEASURE OF SUCCESS, BUT**
17 **GIVING CUSTOMERS THE OPTION TO PORT WAS MOST IMPORTANT.”⁴⁰**
18 **WHAT IS YOUR CONCERN WITH THIS STATEMENT?**

19 **A. Offering customers a choice is an admirable goal if the goal is in the public interest. The**
20 benefits of LNP in rural areas must be weighed against the costs and in this case they
21 come up short. The Commission should also consider lack of customer demand for LNP

³⁹ Refer to page 20, lines 19 to 21 and page 21, lines 1 of Mr. Williams’ rebuttal testimony filed on July 2, 2004.

⁴⁰ Refer to page 22, lines 5 to 7 of Mr. Williams’ Rebuttal testimony filed on July 2, 2004.

1 and comments by Western Wireless that consumers “just don’t see the need.”⁴¹ The
2 question to answer at the end of the day still remains -- “Who benefits and who pays?”
3

4 SUMMARY AND CONCLUSION

5

6 **Q. WILL YOU PLEASE SUMMARIZE YOUR SURREBUTTAL TESTIMONY?**

7 A. Yes. As stated in Mr. Copsey’s Direct Testimony, and supported by my Direct and
8 Surrebuttal Testimony, KLM is requesting a two-year suspension for the implementation
9 of LNP. This suspension would allow sufficient time to pursue the required Mitel switch
10 replacement in order to minimize the financial impact on the customers of KLM. This
11 suspension would also postpone the costs and charges to KLM’s customers and provide
12 adequate time to determine the actual demand for porting of numbers from wireline-to-
13 wireless service providers.
14

15 KLM is also requesting a modification of the FCC’s November 10, 2003 Order until the
16 FCC addresses the rating and routing issues. This request is consistent with requests for
17 modification that the Commission has already granted for fifteen (15) other rural
18 Missouri companies. KLM believes that the additional costs incurred by KLM for
19 delivering local calls outside its local exchange boundary could impose a substantial
20 economic burden upon KLM and its customers. KLM believes that the FCC, as stated in
21 Chairman Powell’s letter of June 18, 2004, supports granting requested waivers by
22 “encouraging state commissions to closely consider the concerns raised by small LECs
23 petitioning for waivers.”

⁴¹ “Wireless Phones Hit 2nd Wave,” Omaha World-Herald, June 3, 2004, an article by Virgil Larson.

1

2 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

3 **A. Yes, it does.**

4

KLM TELEPHONE COMPANY

616 E. Park
Rich Hill, MO 64779-0030

July 8, 2004

Mr. Mike Wilson
Western Wireless Corporation
Manager-Regulatory Compliance
3650 131st Ave. S.E, Suite 400
Bellevue, Washington 98006

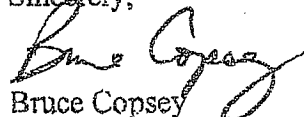
Dear Mr. Wilson,

I am responding to the letter called a Bonafide Request Form (BFR) for Local Number Portability (LNP) dated by you on June 28, 2004. The date it was actually received by KLM was July 6, 2004. The mailing label of Airborne Express shows it was picked up from your location on June 30, 2004, not June 28, 2004.

I am acknowledging that we have received your correspondence on July 6, 2004 and I am the individual that all correspondence should be sent to. My mailing address is 208 Ash St., P.O. Box 112, Maitland, MO 64466-0112. My email address is bcopsey@nwmno.net.

Please also be aware that KLM has filed an application for waiver of LNP requirements with the Missouri Public Service Commission. You should be well aware of this as Western Wireless is a party to the case as an Intervener. Mr. Ron Williams with Western Wireless has filed testimony on Western's behalf.

Sincerely,


Bruce Copsey
Secretary

Attachment A