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Exhibit No.: _____
Issue: Modification of LNP Requirements
Witness: Robert C. Schoonmaker
Type of Exhibit: Direct Testimony
Sponsoring Party: Cass County Telephone Co. and
Craw-Kan Telephone Cooperative, Inc.
Case No.: TO-2004-0504 and TO-2004-0505
Date: June 10, 2004

Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. TO-2004-0504 AND TO-2004-0505

TESTIMONY

OF

ROBERT C. SCHOONMAKER

Exhibit No. 1
Case No(s) TO-2004-0504 TO-2004-0505
Date 7/22/04 Rptr SILM

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Petition of Cass County)
Telephone Company for Suspension and)
Modification of the FCC's Requirement) Case No. TO-2004-0504
to Implement Number Portability.)

In the Matter of the Petition of Craw-Kan)
Telephone Cooperative, Inc. for Suspension and)
Modification of the FCC's Requirement) Case No. TO-2004-0505
to Implement Number Portability.)

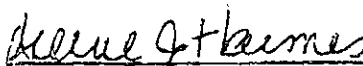
AFFIDAVIT OF ROBERT C. SCHOONMAKER

Robert C. Schoonmaker, of lawful age, being duly sworn, deposes and states as follows:

1. My name is Robert C. Schoonmaker. I am employed by GVNW Consulting, Inc. as President and Chief Executive Officer.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.


Robert C. Schoonmaker

Subscribed and sworn to before me this 10th day of June, 2004.

 Notary Public

My Commission expires: 6-13-2005

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OF

ROBERT C. SCHOONMAKER

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1 DIRECT TESTIMONY OF ROBERT C. SCHOONMAKER

2
3 **Introduction**

4 Q. Please state your name and address.

5 A. My name is Robert C. Schoonmaker. My business address is 2270 La Montana
6 Way, Colorado Springs, Colorado 80918.

7
8 Q. By whom are you employed and in what capacity?

9 A. I am President and CEO of GVNW Consulting, Inc., a consulting firm
10 specializing in working with small telephone companies.

11
12 Q. Would you please outline your educational background and business experience?

13 A. I obtained my Masters of Accountancy degree from Brigham Young University in
14 1973 and joined GTE Corporation in June of that year. After serving in several
15 positions in the revenue and accounting areas of GTE Service Corporation and
16 General Telephone Company of Illinois, I was appointed Director of Revenue and
17 Earnings of General Telephone Company of Illinois in May, 1977 and continued
18 in that position until March, 1981. In September, 1980, I also assumed the same
19 responsibilities for General Telephone Company of Wisconsin. In March, 1981, I
20 was appointed Director of General Telephone Company of Michigan and in
21 August, 1981 was elected Controller of that company and General Telephone
22 Company of Indiana, Inc. In May, 1982, I was elected Vice President-Revenue
23 Requirements of General Telephone Company of the Midwest. In July, 1984, I
24 assumed the position of Regional Manager of GVNW Inc./Management (the

1 predecessor company to GVNW Consulting, Inc.) and was later promoted to the
2 position of Vice President. I served in that position until October 1, 2003 except
3 for the period between December 1988 and November, 1989 when I left GVNW
4 to serve as Vice President-Finance of Fidelity and Bourbeuse Telephone
5 Companies. I was elected to the position of President and Chief Executive
6 Officer effective October 1, 2003. In summary, I have had over 25 years of
7 experience in the telecommunications industry working with incumbent local
8 exchange carrier companies.

9
10 Q. What are your responsibilities in your present position?

11 A. In my current position I have overall responsibility for the management and
12 direction of GVNW Consulting, Inc. In addition, I consult with independent
13 telephone companies and provide financial analysis and management advice in
14 areas of concern to these companies. Specific activities which I perform for client
15 companies include regulatory analysis, consultation on regulatory policy,
16 financial analysis, business planning, rate design and tariff matters,
17 interconnection agreement analysis, and general management consulting.

18
19 Q. Have you previously testified in regulatory proceedings?

20 A. Yes, I have submitted testimony and/or testified on regulatory policy, local
21 competition, rate design, accounting, compensation, tariff, rate of return,
22 interconnection agreements, and separations related issues before the Illinois
23 Commerce Commission, the Public Service Commission of Wisconsin, the

1 Michigan Public Service Commission, the Iowa Utilities Board, the Tennessee
2 Public Service Commission, the New Mexico Public Regulation Commission, the
3 Public Utilities Commission of the state of South Dakota, the Public Utility
4 Commission of Texas, and the Missouri Public Service Commission. In addition,
5 I have filed written comments on behalf of our firm on a number of issues with
6 the Federal Communications Commission and have testified before the Federal-
7 State Joint Board in CC Docket #96-45 on Universal Service issues.

8
9 Q. On whose behalf are you testifying in this case?

10 A. I am testifying on behalf of Cass County Telephone Company and Craw-Kan
11 Telephone Cooperative, Inc. in this case. I refer to these companies as "Cass" and
12 "Craw-Kan", or "the Companies".

13
14 Q. What is the purpose of your testimony?

15 A. The purpose of my testimony is to support the Companies' Petitions for
16 suspension and modification of the Federal Communications Commission's
17 (FCC) requirements that local exchange carriers implement local number
18 portability (LNP) in certain areas. I will discuss some background about local
19 number portability and the FCC's requirements regarding implementation of LNP
20 and will address the reasons why the Commission should grant the relief
21 requested.

1 **Local Number Portability**

2 Q. What is Local Number Portability?

3 A. The 1996 federal Telecommunications Act defines number portability as “the
4 ability of users of telecommunications services to retain, at the same location,
5 existing telecommunications numbers without impairment of quality, reliability,
6 or convenience when switching from one telecommunications carrier to another.”
7 47 U.S.C. § 153(30).

8
9 Q. Are there different categories of Local Number Portability?

10 A. Yes. At the present time, there are three general categories of Local Number
11 Portability. The first is wireline to wireline number portability which is primarily
12 used to port numbers between an incumbent local exchange carrier (ILEC) and a
13 competitive local exchange carrier.

14
15 The second category of number portability is wireless to wireless. This type of
16 number portability is currently being implemented and is typically used when a
17 customer chooses to change wireless providers and wants to retain his or her
18 current wireless telephone number.

19
20 The third category is wireline to wireless number portability, which is also
21 referred to as “intermodal number portability.” The intent of this category of
22 number portability is to enable a wireline customer to port his or her telephone

1 number to a wireless provider and, at least theoretically, for a wireless customer
2 to port his or her number to a wireline provider.
3

4 Q. How is LNP implemented?

5 A. LNP is implemented through a complex system involving regional data bases and
6 the installation of hardware and software in the telephone company's central
7 office switching equipment. The switch hardware and software enables the
8 switch to launch queries through the SS7 signaling system into a database to find
9 call routing information. The data base contains information on each ported
10 number and the switch to which it has been ported. When a calling party makes a
11 call to a number in an NPA-NXX that has numbers ported, the switch that would
12 normally be the last switch to handle the call before the normal terminating switch
13 (the N-1 switch) launches a query into this database. If the call is to a number that
14 has been ported to another carrier and switch, the N-1 switch is advised of the
15 ported switch location and the associated call is then transported or routed to that
16 other carrier's switch for termination to the called party.
17

18 **FCC Requirements and Proposed Relief**

19 Q. In general, what are the current FCC requirements for the implementation of
20 intermodal LNP?

21 A. The Federal Act requires that LNP be implemented according to requirements
22 adopted by the FCC. 47 U.S.C. § 251(b). Over time, the FCC has issued a
23 number of decisions and rules on LNP. On November 10, 2003, the FCC issued a

1 Memorandum Opinion and Order and Further Notice of Proposed Rulemaking in
2 its longstanding number portability case in CC Docket No. 95-116 ("November
3 10, 2003 Order") that addressed certain unresolved issues regarding wireline to
4 wireless portability (i.e., intermodal number portability). Prior to 2003, the FCC's
5 decisions had focused on wireline to wireline portability.

6
7 In its November 10, 2003 Order the FCC confirmed that local exchange carriers
8 ("LECs") providing wireline service within the 100 largest Major Service Areas
9 ("MSAs") in the country were required by November 24, 2003, to provide
10 intermodal LNP. The FCC also announced that LECs serving outside the top 100
11 MSAs must implement intermodal LNP within six months after they receive a
12 bona fide request ("BFR") from a requesting carrier. Subsequently, on January
13 16, 2004 the FCC released an Order in CC Docket No. 95-116 delaying
14 implementation of intermodal LNP for all local exchange carriers with less than
15 2% of the nation's subscriber lines who had not received a Bona Fide Request
16 (BFR) from a wireless carrier prior to May 24, 2003. Thus, for the Companies,
17 the deadline for making all the investments, equipment installations, and
18 administrative changes necessary to become LNP capable is six months after
19 receipt of a BFR (but, pursuant to the FCC's January 16, 2004 Order, no earlier
20 than May 24, 2004). It is this FCC directive to implement LNP that the
21 Companies are asking the Commission to modify in this case.

1 Q. Did the time deadlines prescribed by the FCC for implementation of intermodal
2 LNP raise concerns for the Companies?

3 A. Yes. The time deadlines did provide the Companies considerable concern,
4 particularly because the FCC failed to address one of the key issues that impacts
5 the implementation of LNP for the Companies.

6
7 Q. Why are the Companies seeking modification of the FCC's LNP requirements?

8 A. The Companies are asking the Commission to modify the FCC's LNP
9 requirements, pursuant to specific suspension and modification provisions of the
10 Act, because there is a key issue yet to be resolved that would adversely impact
11 customers, that would be economically burdensome for the Companies, and
12 because such modification is fully consistent with the public interest.

13
14 Q. Does the Commission have authority to suspend the FCC's requirements?

15 A. Yes. State regulatory commissions are expressly authorized to grant rural
16 carriers suspensions from the FCC's LNP rules under Section 251(f) of the
17 Federal Act. Section 251(f) states in material part:

1
2 **Section 251(f) Exemptions, suspensions, and modifications . . .**
3

4 **2) Suspensions and modifications for rural carriers**

5 A local exchange carrier with fewer than 2 percent of the Nation's
6 subscriber lines installed in the aggregate nationwide may petition
7 a State commission for a suspension or modification of the
8 application of a requirement or requirements of subsection (b) or
9 (c) of this section to telephone exchange service facilities specified
10 in such petition. The State commission shall grant such petition to
11 the extent that, and for such duration as, the State commission
12 determines that such suspension or modification --

13 (A) is necessary --

- 14 (i) to avoid a significant adverse economic
15 impact on users of telecommunications
16 services generally;
17 (ii) to avoid imposing a requirement that is
18 unduly economically burdensome; or
19 (iii) to avoid imposing a requirement that is
20 technically infeasible; and
21

22 (B) is consistent with the public interest, convenience, and
23 necessity.
24

25 The State commission shall act upon any petition filed under this
26 paragraph within 180 days after receiving such petition. Pending
27 such action, the State commission may suspend enforcement of the
28 requirement or requirements to which the petition applies with
29 respect to the petitioning carrier or carriers.
30

31 Q. Are the Companies eligible to seek suspension of the LNP rules?

32 A. Yes. The number of subscriber lines served by the Companies is far fewer than
33 two percent of the nation's total number of subscriber lines. Therefore, the
34 Companies are eligible to petition this Commission for modification of LNP
35 requirements and to seek immediate suspension of the LNP requirements pending

1 consideration of the Petition. The Commission has suspended the requirements
2 through August 7, 2004 and can act on the Petitions to modify the requirements
3 pursuant to the provisions of section 251(f)(2).

4
5 Q. You stated that one of the reasons the Companies are seeking a modification of
6 the FCC's LNP requirements was because there is a key issue that remains
7 unresolved. Please explain.

8 A. It is apparent from the FCC's November 10, 2003 Order that an important issue
9 relating to LNP with serious implications for the Companies has not yet been
10 fully addressed. In this Order the FCC effectively determined that its rules
11 prohibiting "location portability" between wireline carriers do not apply for
12 wireline to wireless LNP. While the FCC characterizes its Order as a
13 "clarification," the November 10, 2003 Order requires wireline carriers to port out
14 numbers in circumstances not previously required. This is an abrupt departure
15 from the FCC's prior approach to number portability. However, the FCC
16 specifically declined to address the question of what party is responsible to
17 transport traffic from the LEC switch to the wireless carrier switch in a distant
18 location.

19
20 **Location Portability**

21 Q. What is location portability?

22 A. Location portability is the porting of numbers beyond a wireline carrier's rate
23 center. For example, if a customer resides in Peculiar, Missouri and wishes to port

1 his or her telephone number to a competitive local exchange carrier also located
2 in Peculiar, the number would be ported. If the same customer wanted to port his
3 or her telephone number to a competitive local exchange carrier located in Kansas
4 City, Missouri, the customer would be porting the number to a different rate
5 center which would constitute location portability.
6

7 Q. Is location portability required for wireline to wireline LNP?

8 A. No. Under the FCC's current rules, a wireline carrier's obligation to port
9 numbers to another wireline carrier is limited to an area within the wireline
10 carrier's rate center. A "rate center" is a specific geographical location within an
11 exchange area from which mileage measurements are determined for the
12 application of rates between exchange areas. Thus, wireline carriers are not
13 required to port numbers to other wireline carriers beyond the area within which
14 they provide local exchange calling.
15

16 Q. Why is it important to limit number portability to numbers that are within the
17 same rate center?

18 A. This limitation is important to avoid customer confusion and to avoid having calls
19 rated differently. If a customer in a particular rate center is allowed to port his or
20 her number to a different rate center, fellow customers in the second rate center
21 calling that customer would probably be charged for a toll call, even though they
22 were calling a customer residing in their community. At the same time,
23 customers from the first rate center calling the customer with the ported number

1 in the second rate center would likely be able to call that customer without toll
2 charges while they would be charged toll rates for calling other customers in the
3 second rate center who had non-ported numbers.
4

5 Q. How did the November 10, 2003 Order impact this limitation?

6 A. In its November 10, 2003 Order, the FCC stated that its rules prohibiting location
7 portability for wireline to wireline number portability were not applicable to
8 intermodal porting. (Nov. 10, 2003 Order, ¶¶ 24-26.) The FCC determined that
9 LECs must port numbers to a requesting wireless carrier where the wireless
10 carrier's "coverage area" overlaps the geographic location of the rate center to
11 which the number is assigned, even though the wireless carrier's point of presence
12 is in another rate center and the wireless carrier has no direct interconnection with
13 the wireline carrier. (¶ 22.) The FCC determined that intermodal porting does
14 not, in and of itself, constitute location portability because calls to the ported
15 number are rated the same and wireless carriers porting wireline numbers are
16 required to maintain the customer's same rate center designation following the
17 port. (¶ 28.)
18

19 Q. Does the FCC's view that the calls will be rated the same resolve the concerns of
20 the Companies?

21 A. No. While this approach attempts to avoid the problem of a customer incurring a
22 toll charge to call a neighbor's wireless phone, it does not deal with recovery of
23 the transport and transit costs that will be required to enable calls to be delivered

1 to a wireless carrier's switch when that switch is located in a different rate center.

2 This concern is the primary concern that the Companies are addressing in their
3 Petitions for modification.

4
5 Q. Can you provide an example for Cass that would illustrate the issue that is of
6 concern to the Companies?

7 A. Yes. Peculiar, Missouri, which is the Cass exchange for the Company's
8 headquarters, lies about 30 miles south and slightly east of downtown Kansas
9 City. Assume that a Cass customer with an 816-758-xxxx telephone number
10 ports that number to Western Wireless. According to the national local exchange
11 routing guide (LERG) Western Wireless' interconnection point in Missouri within
12 the Kansas City LATA is located in Butler, Missouri, though its MSO appears
13 from the LERG to be located in Salina, Kansas. A second Cass customer places a
14 call from their number 816-758-yyyy, to the ported number, 816-758-xxxx by
15 dialing the seven digits 758-xxxx. At the Cass switch it is recognized that a query
16 must be made to the LNP data base to determine the correct routing for the call.
17 That query indicates that the number has been ported to Western Wireless whose
18 interconnection point is apparently in Butler. Consequently, rather than
19 completing the call within Cass's Peculiar exchange, the Cass switch must now
20 transfer the call across transport facilities, primarily owned by SBC, to the SBC
21 tandem switch at McGee Street in downtown Kansas City. This switch would
22 review the call information and recognize that the call must be switched to the
23 Sprint tandem at Warrensburg over facilities partially owned by SBC and partially

1 by Sprint. At the Sprint tandem switch it would be switched across trunk
2 facilities owned by Sprint, and on to the Western Wireless's Butler, MO
3 interconnection point. Western Wireless is then, we presume, responsible to
4 transport the call to its MSO in Salina, Kansas. The issue of concern to the
5 Companies is what company is responsible to arrange and pay for the facilities to
6 transport the call from Peculiar to the Western Wireless interconnection point, and
7 possibly on to its MSO.

8
9 Q. Would this routing be similar from Craw-Kan's Hume exchange?

10 A. The routing would be similar once it arrived at the SBC McGee tandem switch in
11 Kansas City. From Hume, Craw-Kan actually routes to call to its host/tandem
12 switch in Pleasanton, Kansas and from there the call would be routed to the
13 McGee tandem switch in Kansas City, Missouri.

14
15 Q. Wasn't this issue one that the FCC had before it to address in its November 10
16 Order?

17 A. Yes. The question was clearly put before the FCC prior to the issuance of that
18 Order, but the FCC failed to address it. Specifically, the FCC put off the decision
19 until some future time with the following statement:

20 Moreover, as CTIA notes, the rating and routing issues raised by
21 the rural wireline carriers have been raised in the context of non-
22 ported numbers and are before the Commission in other
23 proceedings. Therefore, without prejudging the outcome of any

1 other proceeding, we decline to address these issues at this time as
2 they relate to intermodal LNP.¹

3
4 Thus, although the FCC had been put on notice that a critical issue needed to be
5 addressed as it relates to the implementation of wireline to wireless LNP for rural
6 companies, and in spite of the fact that the issue had been before the FCC in the
7 “other proceeding”² for nearly eighteen months at the time its Order was issued,
8 the FCC failed to provide any guidance on this issue.

9
10 Q. Has the FCC issued an order in this “other proceeding”?

11 A. At the time this testimony was submitted, no order had been issued in any other
12 proceeding that would resolve this issue.

13
14 Q. What are the implications for the Companies of this unresolved transport issue?

15 A. First, the Companies are concerned that the provision of local service to a distant
16 location beyond their local serving area and the area designated in their local
17 tariffs is beyond the scope of their operating authority granted by this
18 Commission. Second, the Companies are concerned about the economic harm to
19 the Company and its customers that might occur as a result of having to make
20 business arrangements to accomplish such routing and to port numbers and route

¹ *Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 95-116, released November 10, 2003, ¶40.

² *See, e.g.* In the Matter of Sprint Petition for Declaratory Ruling, Obligation of Incumbent LECs to Load Numbering Resources Lawfully Acquired and to Honor Routing and Rating Points Designated by Interconnecting Carriers, Sprint Petition for Declaratory Ruling, CC Docket No. 01-92 (filed July 18, 2002).

1 calls to locations outside its calling area, especially in light of the fact that the
2 FCC has not resolved the question of who should be responsible for such ports
3 outside of Petitioners' exchange boundaries.
4

5 Q. Turning first to the legal issue, can you briefly explain the Companies' concerns?

6 A. Yes. The Companies have obtained from the Commission Certificates of Public
7 Convenience and Necessity which authorize them to provide telecommunications
8 services to their customers within their respective certificated areas. Their
9 respective certificated areas are defined by their local exchange boundaries as
10 contained in maps which are part of their tariffs on file with and approved by the
11 Commission. Such certificates do not extend to providing service to locations
12 outside their service territories. Thus, there is a legal issue as to whether the
13 Companies have authority to provide local exchange services to numbers ported
14 outside their certificated territories.
15

16 Q. Do the Companies have any business arrangements for the use of the network
17 owned by SBC and Sprint to transport the ported calls to Western Wireless or
18 other wireless carriers should they be required to do so?

19 A. No. With one possible exception, the Companies have made no such
20 arrangements since they have encountered no previous circumstances where they
21 needed to arrange for the use of other LEC facilities to transport local calls that
22 originate in their exchanges. Access tariffs provide business arrangements for the

1 use of the Companies' facilities by interexchange carriers to originate and
2 terminate calls, but the Companies themselves have no arrangements to use
3 SBC's or Sprint's facilities.

4
5 Q. If such business arrangements haven't been made, are you saying that the calls
6 couldn't be completed without those business arrangements?

7 A. No, the network is in place and calls could technically be completed without those
8 business arrangements. However, the Companies do not believe it is appropriate
9 to simply appropriate other LEC's facilities for their own use without making
10 proper business arrangements.

11
12 Q. What do you foresee as the possible process for establishing such business
13 relationships?

14 A. Potentially the process could involve negotiations of interconnection agreements
15 between the Companies and SBC and some type of indirect interconnection
16 arrangement with Sprint. Such negotiations might be under the provisions of
17 Section 251(b) of the Act, although there are legal questions regarding whether
18 companies such as SBC and Sprint are required by the Act to provide "transiting"
19 facilities under the provisions of Sections 251(b) or 251(c) of the Act.
20 Consequently, there may be conflicts between the Companies and other LECs as
21 to how such agreements should be negotiated and whether they are subject to the
22 arbitration provisions in Section 252 of the Act. At this point in time I am

1 uncertain how SBC or Sprint would react to such a proposal. If, in fact, such
2 negotiations were conducted under provisions of Sections 251 and 252 of the Act,
3 I would not expect the negotiations to be easy. In discussions with SBC in other
4 forums regarding business issues that would likely be the part of such
5 negotiations, I find that SBC and the small telephone companies in the state
6 frequently have significantly differing viewpoints of the appropriate resolution of
7 such issues. That is frequently true in regard to Sprint as well.

8
9 Q. Have the Companies approached SBC or Sprint about such negotiations?

10 A. At the time this testimony was submitted they had not.

11
12 Q. Do you have any estimate of the financial impact on the Companies to conduct
13 and complete such negotiations?

14 A. Based on experience negotiating contracts with large LECs for CLECs and in
15 negotiating terminating traffic and interconnection agreements with wireless
16 carriers, I would estimate that such negotiations would likely cost somewhere
17 between \$20,000 and \$100,000 or more depending on whether the issues were
18 settled without having to engage in a formal arbitration proceedings with one or
19 both parties.

1 Q. Would such costs constitute a "substantial economic burden" to the Companies?

2 A. Yes, particularly when it is questionable whether there would be any method for
3 the Companies to recover such costs and when it is unknown whether they will
4 ultimately be found to have the responsibility to arrange for such facilities.
5

6 Q. Is there any other reason why entering such negotiations at this point in time
7 could be particularly economically burdensome to the Companies?

8 A. Yes. Court challenges are currently pending to examine various aspects of the
9 FCC's orders imposing wireline-to-wireless LNP on small carriers. *See e.g.*
10 United States Court of Appeals, D.C. Circuit, *US Telecom. Ass'n et al. v. FCC*,
11 Case No. 03-1414, and *Nat'l Telecom. Coop. Ass'n et al. v. FCC*, Case No. 03-
12 1443. If the Commission does not grant modification, and the telephone company
13 appellants prevail partially or wholly in the pending federal court proceedings,
14 then there is a chance that Petitioner and/or its customers would incur the costs of
15 negotiations associated with wireline-to-wireless LNP even if Petitioner
16 ultimately was not required to deploy wireline-to-wireless LNP or it was not
17 required to arrange for the transport facilities outside its operating area.
18

19 Q. Are there any other potential non-recurring costs that would impose an economic
20 burden on the Companies?

21 A. Yes. There may be additional costs incurred to revise and/or modify the
22 Companies' existing certificates of service authority and tariffs.

1

2 Q. Are there potentially recurring costs associated with transporting calls beyond the
3 local serving areas of the Companies?

4 A. I would expect that there would be. As I have previously indicated, it is uncertain
5 whether the Companies or the wireless carriers requesting ported numbers would
6 ultimately be responsible for these costs. If the Companies ultimately became
7 responsible for these costs, the level of cost that the Companies would have to
8 bear would depend on the volume of calls and possibly minutes to ported
9 numbers, the location of the wireless companies' MSOs, and the rates charged by
10 other LECs for these services. The level of these rates might be similar to
11 transiting costs in interconnection contracts or to local transport and tandem
12 switching elements of access rates. Some large LECs have argued that such rates
13 should be "market based" rates since the provision of transit services is not
14 required by the Act. It is unclear what "market based" rates would be for a
15 transiting service where there is no alternative provider.

16

17 **Demand for Intermodal Porting**

18 Q. In considering whether it is in the public interest to grant the Companies' petitions
19 to modify the apparent FCC requirements to transport ported calls should the
20 Commission consider the demand for porting and the number of customers that
21 will potentially receive a benefit as a result of their decision?

22 A. I believe these factors should be fully considered.

1

2 Q. What has been the level of demand for porting of wireline numbers to wireless
3 carriers since the implementation of intermodal porting on November 24, 2003?

4 A. There have not been regular and comprehensive reports of such activity, but there
5 is some information available. In a March 2, 2004 ex parte filing made by Bell
6 South to the FCC, Bell South reported that through February 18, 2004 (after
7 nearly three months of implementation) it had ported 1,458 wireline numbers to
8 wireless carriers. (Bell South serves approximately 22,300,000 access lines,³
9 thus, in three months they ported numbers to wireless carriers for 0.0065% of
10 their customers.) More recently the FCC has reported statistics on porting. On
11 May 21, 2004 TR Daily reported that according to the FCC since November 24, a
12 total of 229,000 wireline to wireless ports had been completed. Based on a
13 nationwide access line count of approximately 188,000,000,⁴ that equates to
14 0.12% of wireline numbers that had been ported in the first five months of
15 implementation. If these nationwide take rates held constant for a full year and
16 were applicable to the Companies, Cass might experience 24 requests and Craw-
17 Kan might experience 8 requests for porting during the first year.

18

19 Q. How does this actual data compare to expectations before wireless number
20 portability was implemented?

³ 2002 FCC Statistics of Common Carriers, Table 2-6.

⁴ Trends in Telephone Service, May, 2004, Industry Analysis and Technology Division, Wireline Competition Bureau, Table 7-1.

1 A. It is significantly less. For example, On October 23, 2003 The Management
2 Network Group, Inc. (TMNG) released the results of an analysis and survey
3 which estimated that the wireless industry should expect 30 million numbers
4 ported in the first year and a potential for 19 million wireline to wireless porting
5 requests⁵. The May 21, 2004 TR Daily report cited FCC reports of 3.34 million
6 wireless to wireless ports over five plus months and 229,000 wireline to wireless
7 ports. Based on the TMNG projections nearly 15 million wireless to wireless
8 ports and over 9 million wireline to wireless ports should have been executed by
9 the time of the report.

10
11 Q. Would you expect that the Companies would experience more or less demand for
12 porting than would be experienced on average nationally?

13 A. I would expect that demand for porting in the Companies' operating areas would
14 be substantially less than the national average for a number of reasons. First,
15 there are fewer wireless service choices in small rural communities because many
16 of the national carriers only offer service in the larger cities and along major
17 interstate highways. Second, the quality of mobile telephone service is likely to
18 be less reliable than in urban areas because of the difficult and remote terrain in
19 rural Missouri and because mobile cell sites are less concentrated in rural areas.
20 For example, dense forests, rugged terrain, and hills impede wireless signals.
21 Finally, small rural communities are more likely to have loyalty to the existing

⁵ "Wireless Number Portability to Trigger 60 Million Transactions in First 12 Months Says TMNG",
October 23, 2003 News Release, The Management Network Group, Inc.,
<http://ir.thomsonfn.com/InvestorRelations/PubNewsStory>.

1 wireline provider and more likely to use wireless service to supplement rather
2 than replace their existing wireline service.

3
4 Q. What has been the Companies' experience since porting was implemented on
5 November 24, 2003?

6 A. As the Commission is well aware, there has been considerable national publicity
7 regarding porting in the news media. In spite of this attention, Cass reports that it
8 has had one inquiry about porting and no requests to port, while Craw-Kan reports
9 no inquiries or requests. Both companies have specifically instructed service
10 representatives to make note of such contacts.

11
12 Q. Does this level of potential demand indicate a public interest need for the
13 Companies to provide porting beyond their exchange boundaries in face of the
14 potential unnecessary costs they might face if they are not granted the
15 modification requested?

16 A. No, it does not. The possibility that a few customers may choose to port their
17 numbers is outweighed by the uncertainty surrounding these routing and rating
18 issues until such time as a certain determination is made as to the party
19 responsible for contracting for and providing transport of calls to a ported
20 carrier's switch. Until the issue is finally resolved, the Company should not be
21 required to undertake the expense of the necessary negotiations to establish the
22 business relationships to carry such traffic or the ongoing costs of transporting

1 such traffic. This is especially true since such costs may ultimately have to be
2 borne by the customers who do not want to have their numbers ported.

3
4 **Modification Requested**

5 Q. Earlier you indicated that there was one possible exception to the question of
6 whether the Companies had established business relationships to carry ported
7 traffic to a wireless carrier switch in the metropolitan Kansas City area. Could
8 you elaborate on that possible exception?

9 A. Yes. All of Cass's exchanges are within the confines of the Metropolitan Calling
10 Area (MCA) plan and MCA subscribers in Cass's exchanges can make calls to
11 wireless carrier NPA-NXXs that are located in the mandatory Kansas City zone.
12 The Commission Orders regarding intercarrier compensation for the exchange of
13 MCA traffic established a bill and keep mechanism where there is no
14 compensation for providing the transit and termination of such calls. To Cass's
15 knowledge, the Commission has not ruled on the question of whether calls to a
16 number which is ported from an MCA NPA-NXX to a wireless carrier who has an
17 NPA-NXX located within the mandatory Kansas City zone would also fall under
18 this bill and keep mechanism. If the Commission were to determine that calls to
19 both MCA and non-MCA subscriber numbers ported to a wireless carrier located
20 within the mandatory Kansas City zone were to be provided under the bill and
21 keep intercompany compensation scheme applicable to MCA traffic, then Cass
22 would have, by Commission order and current practice, the necessary business
23 relationship established to transport ported calls to such wireless carriers and

1 would not need the modification of LNP rules which it has requested in its
2 Petition regarding those wireless carriers. The modification would still be
3 appropriate as it relates to wireless carriers whose NPA-NXXs are located outside
4 the MCA mandatory zone.

5
6 Q. Will the requested modification apply to situations involving a second port of a
7 number initially assigned to one of the Companies from the initial wireless carrier
8 who ported the number to a second wireless carrier?

9 A. Yes. The requested modification would also apply to a situation where a wireless
10 carrier that has established facilities and/or arrangements with third party carriers
11 to transport calls to a point outside of the Companies' local serving areas is
12 requested to port a number to another wireless carrier who has not established
13 such facilities or arrangements.

14
15 Q. Can you summarize the Companies' request for modification of the LNP rules?

16 A. Yes. They are requesting that the Commission modify the LNP porting
17 requirements to require wireless companies requesting to port one of the
18 Companies' numbers to arrange for and pay for the transport facilities necessary
19 to transport such ported calls from the Companies' operating area to the ported
20 switch location. This modification would also apply to the second port situation
21 described above. Such modification should remain in place for a period of six
22 months after a final FCC determination of the party responsible for such transport

1 service to give the Companies sufficient time to negotiate any business
2 relationships that may ultimately be their responsibility or to seek further
3 suspension and/or modification, if appropriate.

4

5 Q. Does this conclude your direct testimony?

6 A. Yes.

Doris Adams

From: <efis.messenger@psc.mo.gov>
To: <dadams@brydonlaw.com>
Sent: Thursday, June 10, 2004 2:21 PM
Subject: Existing Case Filing

Case Filings: Direct Testimony of Robert C. Schoonmaker

Submitted on behalf of : Cass County Telephone Company

List of Attachments :

Attachments	Security Level
schoonmaker direct testimony.pdf	Public
Testimony	Public

Has been received by the Missouri Public Service Commission and has been appended to the following.

Case Number : TO-2004-0504

Date : 06/10/2004 **Time :** 2:21:38 PM