

Exhibit No. \_\_\_\_\_  
 Issue: Application for ETC Designation  
 Witness: Glenn H. Brown  
 Sponsoring Party: Spectra Communications Group,  
 LLC d/b/a CenturyTel and CenturyTel of  
 Missouri, LLC  
 Type of Exhibit: Supplemental Rebuttal Testimony  
 Case No: TO-2006-0172  
 Date: May 19, 2006

**FILED**

JUL 21 2006

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

**Missouri Public  
 Service Commission**

In the Matter of the Application of )  
 Missouri RSA No. 5 Partnership for )  
 Designation as a Telecommunications Company ) Case No. TO-2006-0172  
 Carrier Eligible for Federal Universal Service )  
 Support Pursuant to § 254 of the )  
 Telecommunications Act of 1996 )

**SUPPLEMENTAL REBUTTAL TESTIMONY OF GLENN H. BROWN**

**ON BEHALF OF SPECTRA COMMUNICATIONS GROUP, LLC, d/b/a CENTURYTEL**

**AND CENTURYTEL OF MISSOURI, LLC**

May 19, 2006

**\*\*Denotes Information Deemed to be Highly Confidential by Applicant MO5\*\***

Exhibit No. 12 NP  
 Case No(s) TO-2006-0172  
 Date 6-02-06 Rptr 45

1 **Q. Please state your name and business address.**

2 A. My name is Glenn H. Brown, and my business address is 55 Cathedral Rock  
3 Drive, Suite 32, Sedona, Arizona 86351.

4 **Q. Have you previously filed testimony in this proceeding?**

5 A. Yes. On March 1, 2006 I filed Rebuttal Testimony in this proceeding.

6 **Q. What is the purpose of your Supplemental Rebuttal Testimony?**

7 A. The purpose of my Supplemental Rebuttal testimony is to respond to the  
8 Supplemental Direct Testimony filed on April 17 by Mr. Jonathan D. Reeves and Mr.  
9 James A. Simon. Since MO5's Direct Testimony was filed prior to the publication of the  
10 Commission's new *ETC Designation Rules*, MO5 requested, and the Commission  
11 subsequently granted, permission to file Supplemental Direct Testimony in this  
12 proceeding responding to the requirements in the Commission's new rules. Similarly, the  
13 Rebuttal Testimony that I filed on March 1 of this year was filed prior to the publication  
14 of the new rules, and my evaluation of their application was based primarily upon the  
15 criteria contained in the FCC *ETC Designation Order* issued March 17, 2005.<sup>1</sup> In this  
16 Supplemental Rebuttal testimony I will evaluate MO5's application under the  
17 Commission's new rules, and respond to the additional statements made by Mr. Reeves  
18 and Mr. Simon in their Supplemental Direct Testimony.

19 **Q. Could you please summarize the conclusions that you reached in your March**  
20 **1, 2006 Rebuttal Testimony?**

21 A. In my earlier testimony I reached the following conclusions:

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<sup>1</sup> *In the Matter of Federal-State Joint Board on Universal Service*. CC Docket No. 96-45, Report and Order, 20 FCC Red 6371, released March 17, 2005 ("*ETC Designation Order*").

- 1           1. The criteria described by the FCC in the *ETC Designation Order* formed a  
2           solid basis from which the Commission can develop its own rules and  
3           procedures for determining when designating an additional ETC is in the  
4           public interest.
- 5           2. Until the Commission finalized its rules regarding ETC designation criteria  
6           and procedures, it would be premature to designate any individual wireless  
7           carrier as an ETC for receipt of federal high-cost support.
- 8           3. The Commission must exercise great care when evaluating requests from  
9           multiple wireless carriers for ETC status for the same wire center areas. All  
10          of the Spectra and CenturyTel wire centers for which MO5 has requested ETC  
11          designation have also been requested by US Cellular in Case No. TO-2005-  
12          0384. The Commission must assure that the incremental public benefits from  
13          designating an additional ETC outweigh the incremental public costs that  
14          designating an additional carrier for receipt of high-cost support will create.
- 15          4. While the Application of MO 5 for ETC status met many of the criteria  
16          identified in the *ETC Designation Order*, and certainly represents a more  
17          complete showing than that made by US Cellular in Case No. TO-2005-0384,<sup>2</sup>  
18          it still falls short of meeting all of the relevant criteria for establishing that the  
19          grant of this Application would be in the public interest. Specifically:

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<sup>2</sup> I was a witness for CenturyTel and Spectra in Case No. TO-2005-0384, and presented extensive testimony and evidence regarding the deficiencies of US Cellular's filing as related to the criteria in the *ETC Designation Order*

- 1 a. The Application does not, with specificity, demonstrate how universal  
2 service high-cost support will be used to improve coverage, service  
3 quality or capacity on a wire center-by-wire center basis throughout the  
4 ETC service area.
- 5 b. The Application does not contain detailed maps indicating the coverage  
6 area before and after improvements and existing tower site locations.
- 7 c. To the extent that coverage maps are provided they do not show how  
8 consumers in rural and high-cost areas of the ETC service area will  
9 receive service and signal quality comparable to that available in more  
10 urban areas.
- 11 d. The Application does not identify those wire centers where it believes  
12 service improvements are not needed, its basis for this determination, and  
13 how funding will otherwise be used to further the provision of supported  
14 services in those areas.

15 In this Supplemental Rebuttal Testimony I further conclude that MO5's Application and  
16 Testimony fail to meet the requirements of the Commission's recently adopted *ETC*  
17 *Designation Rules*.

18 **Q. Could you briefly describe the *ETC Designation Rules* recently approved by  
19 this Commission?**

20 A. On April 6, 2006 this Commission sent its Final Order of Rulemaking developed  
21 in Case No. TX-2006-0169 to the Missouri Secretary of State for publication in the Code  
22 of State Regulations. The Commission's new ETC rule, 4 CSR 240-3.570, provides  
23 detailed guidance and requirements in four Specific areas:

- 1 • Applications for designation as an ETC;
- 2 • Service requirements of ETCs;
- 3 • Annual filing requirements for ETCs; and
- 4 • Additional requirements.

5 **Q. Could you please summarize the specific rules that relate to an application**  
6 **for ETC designation?**

7 A. Following are the major requirements for an ETC Application:

8 **Section 2(A)1** – Intended use of the high-cost support including detailed descriptions of  
9 any construction plans with start and end dates, populations affected by  
10 construction plans, existing tower site locations for CMRS cell towers, and  
11 estimated budget amounts.

12

13 **Section 2(A)2** - A two-year plan demonstrating, with specificity, that high-cost support  
14 shall only be used for the provision, maintenance and upgrading of facilities and  
15 services for which the support is intended. The concept of “support is intended”  
16 is defined more specifically to mean:

- 17 • Quality services should be available at just, reasonable and affordable  
18 rates;
- 19 • Access to advanced telecommunications and information services should  
20 be provided in all regions of the state; and
- 21 • Consumers in all regions of Missouri, including those in rural, insular and  
22 high cost areas will have access to telecommunications and information  
23 services that area reasonably comparable to those services provided in  
24 urban areas.

25

26 **Section 2(A)3** – The two-year plan shall include a demonstration that universal service  
27 support shall be used to improve coverage, service quality or capacity on a wire  
28 center-by-wire center basis throughout the area where the carrier seeks ETC  
29 designation including:

- 30 • A detailed map of coverage before and after the improvements;
- 31 • A map identifying existing tower site locations;
- 32 • The specific geographic area where improvements will be made;
- 33 • The projected start and completion dates of each improvement;
- 34 • The estimated amount of investment that is funded by high-cost support;
- 35 • The estimated population that will be served as a result of the  
36 improvements;
- 37 • If an applicant believes improvements are not necessary, an explanation  
38 for this determination and how funding will be used to further the

- 1 provision of supported services;
- 2 • A statement as to how the proposed plans would not otherwise occur
- 3 absent the receipt of high-cost support and that such support will be used
- 4 in addition to any expenses the ETC would normally incur.
- 5

6 **Section 2(A)4** – A demonstration of the carrier’s ability to remain functional in

7 emergency situations.

8

9 **Section 2(A)5** – A demonstration that the grant of the application would be consistent

10 with the public interest, convenience and necessity.

11

12 **Section 2(A)6** – A commitment to advertise the availability of services and charges

13 therefore using media of general distribution.

14

15 **Section 2(A)7** – A commitment to provide Lifeline and Link-Up discounts.

16

17 **Section 2(A)8** – A statement that the carrier will satisfy consumer privacy protection

18 standards.

19

20 **Section 2(A)9** – A statement that the carrier acknowledges that it shall provide equal

21 access to long distance if all other carriers relinquish their ETC designations.

22

23 **Section 2(A)10** – A commitment to offer a local usage plan comparable to those offered

24 by the ILEC in the areas for which the carrier seeks designation.

25

26 **Q. How do the *ETC Designation Rules* compare with the mandatory minimum**

27 **requirements contained in the FCC’s *ETC Designation Order*?**

28 A. With one exception, the Missouri *ETC Designation Rules* provide a more

29 concrete definition of the required submission of the ETC applicant and the future

30 expectations of the carrier if it is to be granted ETC status. The one exception would be

31 in the requirement of a two-year build-out plan in the proposed rules as opposed to a five-

32 year build-out plan in the FCC guidelines.

33 **Q. Do the Commission’s new *ETC Designation Rules* specify how the**

34 **Commission will determine if a particular application for ETC status would be in**

35 **the public interest.**

36 A. No. While the Rules do not specifically describe the analysis process that the

1 Commission will use to make individual ETC decisions, they do provide requirements for  
2 the submission of the facts and data that will be necessary for the Commission to  
3 determine if a particular designation would be consistent with the statute and the public  
4 interest. First, the rules correctly define the statutory purpose of the universal service  
5 fund as to provide rural consumers with service comparable to that available in urban  
6 areas, at comparable prices. Second, the rules require the applicant to identify the  
7 specific use that will be made of the funds, the nature of the improvement in service  
8 quality and capacity, the number of consumers that will benefit from these proposed  
9 improvements, and the cost. Equipped with this information, the Commission will be in  
10 a position to make the necessary public interest determination of whether the benefits of  
11 spending scarce public funds will exceed the increased public costs that designating an  
12 additional ETC will create. Finally, the rules clearly spell out the expectations and  
13 obligations of a carrier receiving public high-cost funding, and provide reporting  
14 requirements and other metrics for the necessary annual determination of whether a  
15 carrier should continue to receive high-cost support.

16 **EVALUATION OF MO5's APPLICATION AND TESTIMONY AGAINST THE**  
17 **NEW ETC DESIGNATION RULES**

18 **Q. Does MO5 in its Application and testimony comply with Section 2(A)1 which**  
19 **states that the Application must include:**

20 **Intended use of the high-cost support including detailed descriptions of any**  
21 **construction plans with start and end dates, populations affected by**  
22 **construction plans, existing tower site locations for CMRS cell towers, and**  
23 **estimated budget amounts?**  
24

25 **A. While Appendix M of Mr. Simon's Supplemental Direct Testimony does provide**  
26 **a listing of the proposed tower additions, the estimated start and completion dates, and**

1 the estimated capital and expense budget amounts, it does not provide this information in  
2 anywhere near the “detail” that would be necessary for the Commission to conduct a  
3 meaningful cost/benefit and public interest analysis. For example, while Appendix M  
4 does provide an estimate of the total “population” that would be affected by each tower  
5 addition, it provides no information on the nature of the improvement in signal quality or  
6 capacity, and no specifics of the number of customers that will experience an  
7 improvement to a level of service that would be reasonably comparable to that available  
8 in urban areas.

9 **Q. Does MO5 in its Application and testimony comply with Section 2(A)2 which**  
10 **states that the Application must include:**

11 **A two-year plan demonstrating, with specificity, that high-cost support shall**  
12 **only be used for the provision, maintenance and upgrading of facilities and**  
13 **services for which the support is intended?**

14 A. While Appendix M does outline a five year time-table for investments in tower  
15 facilities it fails to “demonstrat[e] with specificity” how this support will be used for its  
16 intended purposes. Section 2(A)2 includes specific instructions that the purpose for  
17 which the support is intended must be interpreted to mean that “Consumers in all regions  
18 of Missouri, including those in rural, insular and high cost areas will have access to  
19 telecommunications and information services that area reasonably comparable to those  
20 services provided in urban areas.” As I will describe when I address Section 2(A)(3),  
21 MO5 fails to provide data of a granularity that would allow a meaningful analysis of the  
22 signal improvements that customers will experience, and in particular, how many will  
23 experience improvements to service “reasonably comparable” to hose in urban areas.  
24 Furthermore, in the first two years of the plan outlined on Appendix M, the planned



1 expenditures appear to be significantly less than the amount of high-cost support that will  
2 be received. For example, \*\* \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_ \*\* I also think that

6 the expenditures shown on Appendix M are overstated. For example, \*\* \_\_\_\_\_

7 \_\_\_\_\_

8 \_\_\_\_\_

9 \_\_\_\_\_

10 \_\_\_\_\_

11 \_\_\_\_\_

12 \_\_\_\_\_

13 \_\_\_\_\_ \*\*

14 **Q. Does MO5 in its Application and testimony comply with Section 2(A)3 which**  
15 **states that the two-year plan must include:**

16 **A demonstration that universal service support shall be used to improve**  
17 **coverage, service quality or capacity on a wire center-by-wire center basis**  
18 **throughout the area where the carrier seeks ETC designation?**

19 A. MO5's application totally fails to meet the requirements of Section 2(A)3. This  
20 Section states a specific requirement that the applicant must provide "A detailed map of  
21 coverage before and after the improvements," and "[a] map identifying existing tower  
22 site locations." In my earlier Rebuttal Testimony, I noted that while MO5 did provide a  
23 map indicating its signal coverage after making its proposed service improvements, it  
24 failed to provide a map indicating its signal coverage prior to these improvements being

1 made. In this testimony I stated:

2 Without this reference point it is difficult for the Commission to determine what  
3 incremental signal coverage improvement is being provided in return for the  
4 increased public funding costs.<sup>3</sup>

5  
6 On pages 31-32 of my Rebuttal Testimony I also described how the coverage maps  
7 provided in Appendices E, H and I to Mr. Reeves' Direct Testimony only depicted signal  
8 coverage at a single, and relatively weak, level of signal coverage. On Highly  
9 Confidential Schedule GHB-4HC, I provided a signal coverage map that was provided by  
10 MO5 in response to a CenturyTel/Spectra discovery request. This map shows signal  
11 coverage at four different levels of signal strength ranging from strong in the urban areas  
12 to weak in the more rural areas. I also stated that this is precisely the type of information  
13 that the Commission would need to determine the number of consumers that might  
14 experience an increase in service quality to be comparable to service available in urban  
15 areas, and thus if support was being used for its intended purposes

16 **Q. You mentioned that MO5 did not provide a coverage map for its existing**  
17 **network in its original application and Direct Testimony. Was such a map provided**  
18 **in the Supplemental Direct Testimony?**

19 A. Yes, Mr. Reeves provided Appendix N to his Supplemental Direct Testimony that  
20 purports to show coverage from MO5's current network. The only problem is that  
21 Appendix N suffers from the same infirmity as Appendices E, H and I – that it only  
22 shows coverage at a single, relatively weak, level of signal strength. Thus the  
23 Commission is unable to perform the type of analysis that it needs to carry out its  
24 statutory duty to determine if support is being used for its intended purpose, and whether

1 granting MO5's application would produce sufficient benefits to be determined to be in  
2 the public interest. The Commission's rule was very direct in stating that the ETC  
3 application must provide a "detailed map of coverage before and after the improvements"  
4 (emphasis added). Since MO5 has failed to do so (even though they apparently have the  
5 capability to produce detailed maps), they have not met the requirements of this rule.

6 **Q. Have you found any additional reasons why MO5's showing fails to meet the**  
7 **Section 2(A)3 requirements?**

8 A. Yes. This rule also provides specific language that the applicant must provide  
9 "[a] statement as to how the proposed plans would not otherwise occur absent the receipt  
10 of high-cost support and that such support will be used in addition to any expenses the  
11 ETC would normally incur." Appendix M appears to show\*\* \_\_\_\_\_  
12 \_\_\_\_\_

13 \_\_\_\_\_ \*\* While MO5 does not provide  
14 any details of this investment (which by itself would appear to be a violation of Section  
15 2(A)2) it would appear that this is investment to increase service capacity at existing cell  
16 site locations. If this is the case, then such a capacity increase would only be necessary if  
17 there was sufficient traffic (and presumably revenue) at that location to warrant this  
18 capacity increase. This leads to the logical question of whether such investment would  
19 have been made even if high-cost support were not available? In determining if support  
20 is being used for its intended purpose under Sections 2(A)2 and 2(A)3, the Commission  
21 should subtract investments and related expenses that would be made in any event.  
22 Doing so in the case of these capacity-related investments would subtract

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<sup>3</sup> Brown Rebuttal Testimony at page 31, lines 3-5.

1   \*\* \_\_\_\_\_ \*\* from the total USF-related costs in the first two years, increasing the  
2 amount by which legitimate fund usage is less than the amount of support that MO5 is  
3 requesting to \*\* \_\_\_\_\_ \*\*.

4   **Q.   Does MO5 in its Application and testimony comply with Section 2(A)4 which**  
5 **states that the Application must include:**

6           **A demonstration of the carrier’s ability to remain functional in emergency**  
7           **situations?**

8   A.   Mr. Simon describes steps that MO5 has taken to ensure network reliability on  
9 pages 20 – 21 of his Direct Testimony, and page 6 of his Supplemental Direct Testimony.  
10 The Commission will need to determine if the network reliability measures taken by  
11 MO5 are sufficient to meet the standards of this Rule.

12   **Q.   Does MO5 in its Application and testimony comply with Section 2(A)5 which**  
13 **states that the Application must include:**

14           **A demonstration that the grant of the application would be consistent with**  
15           **the public interest, convenience and necessity?**

16   A.   No. MO5 has made no meaningful attempt to demonstrate that the benefits that  
17 will result to rural consumers in the form of improvements to coverage, service quality or  
18 capacity will exceed the costs that will be created by its designation as an ETC. As  
19 described on page 18 of my Rebuttal Testimony, the public interest is only served when  
20 “the increased public benefits that will come from supporting multiple carriers can be  
21 shown to clearly exceed the increased costs that are created by supporting multiple  
22 networks.” While the Commission’s ETC rules clearly state the information that the  
23 applicant must provide (i.e., two-year plan, existing tower locations, coverage maps  
24 before and after improvements, etc.), the mere provision of such information does not in

1 and of itself proved that the application is in the public interest. As 2(A)5 clearly states,  
2 there must be a “demonstration” that the application is in the public interest, convenience  
3 and necessity. The FCC has previously stated that “We note that this balancing of  
4 benefits and costs is a fact-specific exercise.”<sup>4</sup> Nowhere in its Application or Testimony  
5 has MO5 demonstrated that the incremental public benefits of designating it as an ETC  
6 will clearly exceed the approximately \$1.5 million in increased public cost that it will  
7 create. As mentioned previously, MO5 has not even quantified the number of rural  
8 Missouri customers that will experience an improvement to service levels reasonably  
9 comparable to those available in urban areas, and the maps and data that they provided  
10 are not in sufficient detail for the Commission to independently develop this information.  
11 Unless and until MO5 provides the type of detailed information for the Commission  
12 needs to perform its public interest analysis, the Commission cannot find its application  
13 to be consistent with the public interest, convenience and necessity.

14 **Q. Does MO5 in its Application and testimony comply with Section 2(A)6 which**  
15 **states that the Application must include:**

16 **A commitment to advertise the availability of services and charges therefore**  
17 **using media of general distribution?**

18 A. Through its Application and Testimony, MO5 would appear to meet the  
19 requirements of this Rule.

20 **Q. Does MO5 in its Application and testimony comply with Section 2(A)7 which**  
21 **states that the Application must include:**

22 **A commitment to provide Lifeline and Link-Up discounts?**

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<sup>4</sup> *In the Matter of Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier In the Commonwealth of Virginia* CC Docket No.

1 A. Through its Application and Testimony, MO5 would appear to meet the  
2 requirements of this Rule.

3 **Q. Does MO5 in its Application and testimony comply with Section 2(A)8 which**  
4 **states that the Application must include:**

5 **A statement that the carrier will satisfy consumer privacy protection**  
6 **standards?**

7 A. Through its Application and Testimony, MO5 would appear to meet the  
8 requirements of this Rule.

9 **Q. Does MO5 in its Application and testimony comply with Section 2(A)9 which**  
10 **states that the Application must include:**

11 **A statement that the carrier acknowledges that it shall provide equal access**  
12 **to long distance if all other carriers relinquish their ETC designations?**  
13

14 A. Through its Application and Testimony, MO5 would appear to meet the  
15 requirements of this Rule.

16 **Q. Does MO5 in its Application and testimony comply with Section 2(A)10**  
17 **which states that the Application must include:**

18 **A commitment to offer a local usage plan comparable to those offered by the**  
19 **ILEC in the areas for which the carrier seeks designation?**

20 A. On page 8 of his testimony, Mr. Simon describes an "ILEC Equivalent Plan" that  
21 would offer unlimited local calling and limited mobility within the area served by the  
22 customer's home cell site at a fixed monthly price of \$15.00 per month. What is  
23 unstated, and what the Commission needs to know, is what rates a consumer would pay if  
24 they stray beyond their "home cell site" area. The Commission will need to determine if  
25 the service and pricing commitments made by MO5 are sufficient to meet the standards

1 of this Rule.

2 **Q. Could you summarize your conclusions regarding whether MO5 has met the**  
3 **requirements of Commission Rule 4 CSR 240-3.570?**

4 A. For the reasons described above, I do not believe that MO5 meets the  
5 requirements of this rule. The most significant failings are in the inability of its  
6 Application and Testimony to clearly demonstrate that approval of ETC status would be  
7 in the public interest, and the failure to provide the specific detailed facts and data that  
8 would allow the Commission to make a complete evaluation of its application under the  
9 clear provisions of this rule.

10 **Q. Does this conclude your testimony at this time?**

11 A. Yes.

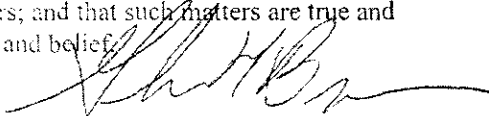
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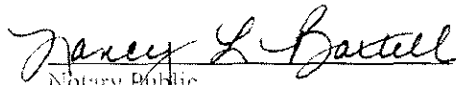
AFFIDAVIT OF GLENN BROWN

State of Arizona )  
 ) ss.  
County of Yavapai )

Glenn Brown, being of lawful age, on his oath states: that he has participated in the preparation of the foregoing Supplemental Rebuttal Testimony in question and answer form, consisting of 14 pages to be presented in the above case; that the answers in the foregoing Supplemental Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge, information and belief.

  
Glenn Brown

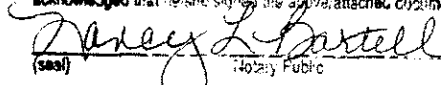
Subscribed and sworn to before me this 17th day of May, 2006.

  
Nancy L. Bartell  
Notary Public

(seal)

STATE OF ARIZONA )  
COUNTY OF YAVAPAI )

On this 17th day of May, 2006, before me personally appeared Glenn Brown (name of signatory whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document and who acknowledged that he/she signed the above/attached document.)

  
(seal) Notary Public

