

Exhibit No.:

Issues: Quality of Service

Witness: Mick S. Johnson

Sponsoring Party: MO PSC Staff

Type of Exhibit: Rebuttal Testimony

Case No.: TM-2006-0272

Date Testimony Prepared: March 8, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

MICK S. JOHNSON

ALLTEL MISSOURI, INC.

CASE NO. TM-2006-0272

Jefferson City, Missouri

March 2006

****Denotes Highly Confidential Information****

NP

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI


In the Matter of the Application for)
Approval of the Transfer of Control of)
Alltel Missouri, Inc. and the Transfer of)
Alltel Communications, Inc.)
Interexchange Service Customer Base.

Case No. TM-2006-0272

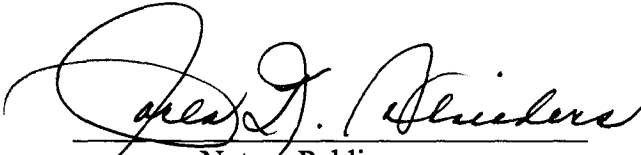
AFFIDAVIT OF MICK S. JOHNSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Mick S. Johnson, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 10 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

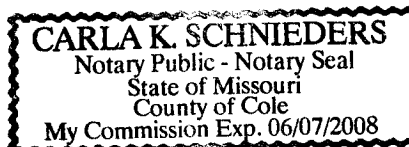

Mick S. Johnson

Subscribed and sworn to before me this 8th day of March, 2006.


Notary Public

My commission expires

June 7, 2008



REBUTTAL TESTIMONY
OF
MICK S. JOHNSON
ALLTEL MISSOURI, INC.
CASE NO. TM-2006-0272

Q. Please state your name and business address.

A. My name is Mick S. Johnson. My business address is 200 Madison Street, Jefferson City, Missouri, 65102.

Q. By whom are you employed?

A. I am employed as a Technical Specialist II in the Telecommunications Department for the Missouri Public Service Commission.

Q. What are your duties and responsibilities?

A. I provide technical assistance on telecommunications matters to the Commission, consumers, the telecommunications industry and other Commission Staff members. This technical assistance includes helping address consumer complaints. I also help train and educate Commission Staff members on technical telecommunications matters.

One of my primary duties is to monitor the quality of service provided by basic local telecommunications companies. I review the quarterly quality of service report results submitted by these companies and follow-up, as necessary to help ensure companies maintain the Commission's service objectives. This responsibility includes reviewing and ensuring companies are accurately tabulating their quarterly quality of service report results. In certain instances I will inspect a company's physical plant to

Rebuttal Testimony of
Mick S. Johnson

1 ensure compliance with Commission rules, the National Electric Code, and National
2 Electric Safety Code. I also provide constructive feedback and training to correct
3 deficiencies in non-compliant areas.

4 Q. Please describe your prior experience.

5 A. I have 39 years of technical experience within the field of
6 telecommunications. I progressed through a variety of technical positions and into
7 management at NorthWest Iowa Telephone Company, where I supervised and helped
8 train technicians on the construction of telecommunications facilities. I moved into
9 Marketing with GTE and Sprint in the latter years, where I designed large network and
10 PBX switching packages for major accounts. I assisted in the design of Local Area
11 Network wiring, Video and Interactive Voice Response with the major accounts handled.
12 In 2000 I accepted the position of Technical Specialist with the Missouri Public Service
13 Commission. My specific experience is outlined in Schedule 1.

14 Q. Have you previously testified before the Commission?

15 A. Yes I have, in Case No.TO-2001-439: In The Matter of Prices, Terms and
16 Conditions of Conditioning xDSL Loop Conditioning.

17 Q. What is the purpose of your testimony?

18 A. My purpose is to respond to the general claim identified in the direct
19 testimonies of AllTel witnesses Gregg L. Richey and Jeffery Gardner that the proposed
20 separation of AllTel's local telecommunications business will not be detrimental to the
21 company's basic local telecommunications service. Specifically, I will review AllTel's
22 compliance with the Missouri Commission's service objectives as reported in the
23 company's quarterly quality of service reports submitted to the Commission. I will

1 identify concerns, if any, raised by these past reports. I will also evaluate AllTel's
2 proposed plans for ensuring the company continues to provide quality
3 telecommunications service to its customers.

4 Q. Please provide your evaluation of AllTel's compliance with the
5 Commission's quality of service requirements.

6 A. AllTel has complied with the Commission's service objectives as
7 described in 4 CSR 240-32.080 of the Commission's rules. Highly Confidential
8 Schedule 2 summarizes AllTel's quality of service reports for the past seventeen quarters.
9 These reports pertain to service provided from the fourth quarter of 2001 through the
10 fourth quarter of 2005. The results show that AllTel generally met or exceeded the
11 Commission's service objectives. The quarterly quality of service reports are submitted
12 by companies providing basic local telecommunications services. According to 4 CSR
13 240-3.550(5) a basic local telecommunications company is required to submit a report no
14 later than 45 days following the end of each quarter.

15 Q. Please identify the performance measurements contained in the quality of
16 service report.

17 A. The quality of service reports submitted by companies providing basic
18 local telecommunications services contain eleven measurements. These measurements
19 are: percentage of basic local service orders installed within five days, percentage of
20 installation commitments met, average time to reach a local operator, average time to
21 answer a call to the company's business office, percentage of calls receiving dial tone
22 within 3 seconds, percentage of local switched calls completed without blockage,
23 percentage of inter-exchange calls completed without a blockage, percentage of trouble

Rebuttal Testimony of
Mick S. Johnson

1 reports received per 100 access line, percentage of out of service trouble reports that
2 service was restored within 24 hours, percentage of trouble reports restored by the
3 committed time assigned, and the number of service requests that exceed 30 days of
4 when the service was requested.

5 Q. Do you have any comments about the quarterly quality of service reports
6 submitted by AllTel?

7 A. Yes. On January 18, 2006, the Commission Staff conducted an in-depth
8 review of AllTel's tabulation of the quarterly quality of service report and compliance
9 with Commission rules. This review is primarily intended to ensure a company is
10 accurately tracking and tabulating the information contained in the quarterly quality of
11 service report. The results of this review show AllTel is accurately tracking and
12 tabulating its quality of service results. However, AllTel mistakenly thought the standard
13 for answering customer assistance calls was 20 seconds rather than 15 seconds.
14 According to company officials a new procedure was put into place to address this
15 misunderstanding. The company is also not providing customers with a bill insert or a
16 welcome letter explaining the consumer's rights and responsibilities as required by 4
17 CSR 240-33.060 (7). AllTel has since taken appropriate action to resolve this concern.

18 Q. Do you have any other comments regarding AllTel's quality of service?

19 A. The company has generally experienced a high number of "held orders".
20 Held orders refer to orders requesting basic local service installation but the company is
21 unable to install basic local service within 30 days. Technically, the Commission simply
22 requires a company to report the number of held orders and the Commission does not
23 have a service objective for held orders. In other words, a company can have a high

1 number of held orders and not be in violation of any Commission rules. Nevertheless,
2 this measurement can provide some insight into how well a company forecasts, plans and
3 provides capital to meet the needs of Missouri consumers. For example, a company may
4 experience held orders if the company lacks the facilities to provide basic local service to
5 the requesting customer. In comparison to the number of held orders by all local
6 exchange companies (LECs), AllTel has a relatively large percentage of the held orders.
7 For example, in the fourth quarter of 2005 Alltel had ** __ ** held orders out of a total of
8 66 held orders by all LECs. In the third quarter of 2005 AllTel had ** __ ** out of the 50
9 held orders in the state. Schedule 2-14 graphically shows the percentage of held orders
10 incurred by AllTel in comparison to the total number of held orders for all LECs.
11 Schedule 2-15 shows the underlying numbers for Schedule 2-14's graph. These
12 schedules suggest AllTel is experiencing a growing number of held orders. Staff
13 expressed concern over the company's number of held orders during Staff's January 2006
14 quality of service audit. AllTel officials claim they will place the proper priority on this
15 problem with held orders.

16 Q. Do you have any concerns regarding AllTel's quality of service that will
17 negatively impact your recommendation for the proposed transaction?

18 A. No. AllTel claims to be working toward correcting the previously
19 described areas of concern. In regards to meeting the Commission's service objective for
20 responding to customer calls to AllTel's offices, the company is expected to take
21 immediate corrective action regardless of the proposed transaction. The next quarterly
22 quality of service report should reveal whether the company has taken reasonable steps to
23 correct this problem. If not, then the Commission Staff could conceivably file a

1 complaint against the company for failing to comply with this service objective. To help
2 ensure the company is adequately addressing any problems under the proposed
3 transaction I recommend AllTel be required to submit its quarterly quality of service
4 report on a monthly basis if the company's state-wide quality of service results reaches
5 surveillance levels for any category. Monthly reports should continue until the
6 company's quality of service results for all categories are no longer in a surveillance level
7 for a given quarter. This condition will help Staff more closely monitor the performance
8 of the company should quality of service issues develop.

9 Although AllTel's relatively high number of held orders is a concern, the
10 Commission has not established a service objective for minimizing the number of held
11 orders. I am not suggesting the Commission establish such an objective but rather rely on
12 the Commission's other established service objectives. In this regard, compliance with
13 the Commission's other quality of service measures should simply continue to be closely
14 monitored.

15 Q. Have AllTel officials discussed how the proposed separation of the local
16 telecommunications business will impact AllTel's compliance with the Commission's
17 quality of service objectives?

18 A. Yes. AllTel witnesses claim that AllTel will continue to have the
19 technical, managerial, and financial capability to provide quality telecommunications
20 services. From AllTel's perspective the transaction will be transparent to the Missouri
21 consumer. AllTel customers should continue to receive the same level of service from
22 the same employees they have dealt with for years. AllTel officials also state that AllTel

Rebuttal Testimony of
Mick S. Johnson

1 Missouri will continue to have the technical and managerial capabilities to provide
2 quality service after the separation. The only visible change will be the name and logo.

3 Q. If approved, AllTel Holding Corp., the parent company AllTel, will merge
4 with Valor Communications Group, Inc. What impact if any will Valor's merger have on
5 AllTel's quality of service?

6 A. Valor's merger with AllTel Holding Corp. should not significantly impact
7 AllTel's quality of service. Furthermore, Valor provides basic local service in the states
8 of Arkansas, Oklahoma, New Mexico and Texas. I contacted the Commission Staff in
9 those states regarding Valor's quality of service. This contact revealed that Valor does
10 not have any significant quality of service issues in those states.

11 Q. What is your assessment of the proposed transaction on the company's
12 quality of service?

13 A. In terms of assessing the impact of the proposed transaction on the quality
14 of service provided to AllTel's customers, I looked at several factors. The first factor is
15 the number of employees who will continue to provide services to these customers.
16 Another factor concerns whether or not the current Repair Service Bureau and Network
17 Operations Center ("NOC") will remain with AllTel Missouri after the transfer. A third
18 factor is how the proposed transaction might impact AllTel's capital expenditure budget
19 in Missouri. Quality of service may be negatively impacted if the proposed transaction
20 results in significant reductions in either the number of employees, the loss of operational
21 control over the Repair Service Bureau and NOC, and/or a significant reduction in the
22 company's capital expenditure budget.

1 Q. Please explain your assessment of how the proposed transaction will
2 impact the number of employees used to provide basic local telecommunications services
3 in Missouri under the new local telephone company.

4 A. AllTel currently has ** __ ** employees in the state of Missouri. If the
5 proposed transaction is approved, as proposed, then the new company providing local
6 telephone services will have ** __ ** employees. More specifically, the company
7 currently has ** __ ** employees responsible for the field work associated with the
8 installation and repair of basic local telecommunications service. In addition the
9 company currently has ** __ ** employees responsible for operations and management
10 requirements for AllTel Missouri. If the proposed transaction is approved the company
11 plans to have all of these same employees transfer to the new local telephone company.
12 Under this proposed arrangement I anticipate the transaction should not negatively affect
13 the quality of service AllTel provides to its customers.

14 Q. Please describe your understanding of the current operations of the Repair
15 Service Bureau/NOC for AllTel.

16 A. The Repair Service Bureau presently is located in Harrison, Arkansas and
17 will be unaffected by the transfer. The incoming calls to the service bureau are received
18 for either service disruption or a new installation request. The order is given a status for
19 repair or new service. If the ticket is for repair, the line is pre-tested and dispatched. For
20 new service an agreed to date and time commitment is given to the customer. Once the
21 ticket has been completed the bureau will close it out. All service sites discussed will be
22 unaffected by the transfer and will remain as the support facilities for Missouri AllTel.
23 The NOC is presently located in Hudson, Ohio and is the facility site that monitors all

1 alarms for AllTel's central office switches and broadband services. The Translations
2 Service Center for AllTel Missouri is located in Little Rock, Arkansas. Central office
3 translations for software updates are performed by this center. All service sites discussed
4 will be unaffected by the transfer and will remain as the support facilities for Missouri
5 AllTel. All of these sites and their operational functions are to remain the same.

6 Q. Please describe your understanding of how the proposed transaction will
7 impact AllTel's capital expenditures.

8 A. The proposed transaction will have a mixed impact on the company's
9 capital expenditures. AllTel's per line annual capital expenditures for all of its states
10 were ** ____ ** in 2002, ** ____ ** in 2003, ** ____ ** in 2004 and ** ____ ** in
11 2005. The company is projecting per line capital expenditures of ** ____ ** for 2006,
12 ** ____ ** for 2007 and ** ____ ** for 2008. These results suggest AllTel's capital
13 expenditures will initially decline and then increase. These figures are based on AllTel's
14 and Valor's projected capital expenditures and projected access line quantities. The
15 projected increase in 2008 is solely attributed to a projected decline in access line
16 quantities.

17 AllTel's projected 2006 capital expenditure budget for Missouri is ** ____
18 ____ ** or ** ____ ** per line. This figure indicates that AllTel's capital
19 expenditure budget in Missouri is approximately ** ____ ** of the average per line
20 capital expenditure across all of AllTel's states. The company has not estimated
21 Missouri's capital expenditure projections for 2007 and 2008.

22 Q. Do you have any concerns of how the proposed transaction may impact
23 AllTel's capital expenditure budget in Missouri?

1 A. Perhaps. As previously indicated, the company has experienced a
2 relatively high number of held orders. In addition, based on the company's figures,
3 AllTel's Missouri territory has the lowest level of penetration for Digital Subscriber Line
4 (DSL) service in all of its states at ** ____ ** in Missouri versus 6.8% to 16.1% in all of
5 its other states. These considerations suggest that the company's capital expenditures in
6 Missouri might be considered unduly thrifty. Nevertheless, the company is not violating
7 any existing Commission rules for having a high number of held orders or for having a
8 low level of DSL penetration.

9 Q. Do you recommend the Commission approve the AllTel transaction?

10 A. Yes, however I recommend the Commission grant approval of the
11 transaction on the condition concerning the submission of quality of service reports
12 during the first four quarters after the transfer of the local telecommunications company.
13 If the company's state-wide quality of service results reaches surveillance levels for any
14 category, then the company should be required to submit quality of service results on a
15 monthly basis rather than a quarterly basis. Monthly reports should continue until the
16 company's quality of service results for all categories are no longer in a surveillance level
17 for a given quarter. This condition will only be triggered if any of the company's quality
18 of service results is considered a substandard level of performance any time during the
19 first year according to the Commission's rules. If the company's quality of service
20 results do not fall into surveillance levels then this condition expires after four quarters of
21 satisfactory quality of service results.

22 Q. Does this conclude your testimony?

23 A. Yes it does.

BIO

Mick Johnson is currently a Utility Operations Technical Specialist II in the Telecommunications Department. He has worked in Telephone Operations and Marketing Services most recently with GTE/Verizon and Sprint with a combined total of thirty-seven years over all in the field of telecommunications. He has a thorough working knowledge combined with actual field experience in the areas of voice, data and networking. He is also current on operational information regarding IVR, video, business & LAN wiring and VOIP communications in his current position.

In 2005 he received and completed investigations on 10 complaints and made 11 field trips involving resolving complaints and conducting companys Quality of Service operational audits.

Work Projects

Worked with the PSC team that was assigned to case number (TO-2005-0336). Case involved Compulsory Arbitration of Unresolved Issues for a Successor Interconnection Agreement to the Missouri 271 Agreement ("M2A"). This Arbitration project was lengthy and required a large amount of time to be spent on changes and updates. A four day hearing was conducted with all companies using this ("M2A") agreement.

Set up site and conducted the Public Hearing that was held in Marshall, MO. This dealt with SBC's request to have certain services be listed as competitive exchanges. This meeting was set-up with in-house video, with connections back to Jefferson City, MO, where PSC staff and Commissioners could address the questions submitted by the general public.

Training

Attended quarterly seminars in 2005 conducted by Cisco and IBM. Courses covered Web-Based Video Conferencing, Networking Infrastructure, Wireless Mobility, Network Design and Network Solutions with Routers.

Schedule No. 1

SCHEDULE 2

IS DEEMED

HIGHLY

CONFIDENTIAL

IN ITS

ENTIRETY