

Exhibit No.:

Issues: Telephone Specific

Witness: Michael S. Scheperle

Sponsoring Party: MO PSC

Type of Exhibit: Direct Testimony

Case No.: TO-2005-0144

Date Testimony Prepared: November 18, 2005

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

MICHAEL S. SCHEPERLE

KANSAS CITY METROPOLITAN CALLING AREA PLAN

CASE NO. TO-2005-0144

**Jefferson City, Missouri
November 2005**

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

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

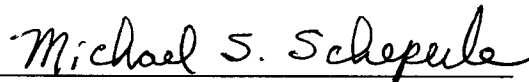
In the Matter of a Request for the)
Modification of the Kansas City)
Metropolitan Calling Area Plan to Make)
the Greenwood Exchange Part of the)
Mandatory MCA Tier 2.)

Case No. TO-2005-0144

AFFIDAVIT OF MICHAEL S. SCHEPERLE

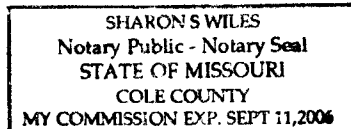
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael S. Scheperle, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 5 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct 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.


Michael S. Scheperle

Subscribed and sworn to before me this 17th day of November, 2005.


Notary Public



My commission expires _____

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Direct Testimony of
Michael S. Scheperle

1 A. I hold a Bachelor of Science degree in Mathematics from Lincoln
2 University in Jefferson City, Missouri. I was employed by Missouri Power and Light
3 Company from 1973 to 1983 as Supervisor of Rates, Regulations and Budgeting. I was
4 employed by United Water Missouri as Commercial Manager from 1983 to 2000. I
5 began employment at the Commission in June 2000.

6 Q. Have you previously testified before the Commission?

7 A. Yes.

8 Q. What is the purpose of your testimony?

9 A. The purpose of my testimony is to present rates, calling scopes and
10 statistics in response to the request by the Office of Public Counsel that the Commission
11 consider modifying the Kansas City (KC) Metropolitan Calling Area (MCA) plan to
12 make the Greenwood exchange part of the mandatory KC MCA Tier 2. The primary
13 issue in this case is the reclassification of the Greenwood exchange from an optional KC
14 MCA Tier 3 exchange to a mandatory KC MCA Tier 2 exchange.

15 Q. What is your understanding of the change of the Greenwood exchange to a
16 mandatory MCA Tier 2 status?

17 A. Currently, there are approximately ** HC----** access lines in the
18 Greenwood exchange. Greenwood is classified in Rate Group B of SBC's tariff. The
19 rates for this group reflect (1) basic local charges for residential customers (\$8.79) and
20 business customers (\$22.30); (2) an additive for subscribers to the MCA plan (residential
21 \$12.35, business \$24.80); and (3) an additional additive for extended area service
22 (residential \$.10, business \$.29) for Greenwood exchange customers to call the Lee
23 Summit exchange and the Belton Zone. OPC's request (if granted) outlines that

1 customers in the Greenwood exchange would pay the Tier 2 rate of \$12.07 for residential
2 services and \$38.50 for business services and eliminates the additional additive for MCA
3 service or additional EAS service. However, OPC has indicated in their Final
4 Recommendation filed April 29, 2005, that it would consider an additive not to exceed
5 \$2.00 month for residential and \$3.00 month for business customers as a possible price
6 adjustment under these unique "annexation" circumstances. Schedule 1 outlines SBC's
7 existing rates for residential and business service and also outlines OPC's request for
8 residential and business services, including the consideration of the \$2.00 price
9 adjustment for residential customers and the \$3.00 price adjustment for business
10 customers.

11 Q. What is the current take rate for MCA subscribers in the Greenwood
12 exchange?

13 A. Schedule 2 outlines the MCA take rate for MCA subscribers in the
14 Greenwood exchange. This information was supplied by SBC in a data request to Staff
15 and covers the April 2005 timeframe. Schedule 2 outlines the total access lines served by
16 SBC, MCA access lines, non-MCA access lines and the MCA take rate. The residential
17 take rate for MCA service is ** HC--- --** The business take rate for MCA service is
18 ** HC--- --**

19 Q. If OPC's proposal is approved, will Greenwood exchange customers'
20 calling scope be changed?

21 A. Yes. Schedule 3 outlines the existing and proposed local calling scopes.
22 As outlined in Schedule 3, all Greenwood exchange customers will experience a change.

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Direct Testimony of
Michael S. Scheperle

1 In some cases, the local calling scope will be expanded and in some cases, the local
2 calling scope will be smaller.

3 For existing non-MCA customers in the Greenwood exchange, the calling scope
4 will be expanded to include all MCA Principal customers, Tier 1 and Tier 2 customers,
5 and all MCA Tier 3, 4 and 5 subscribers. This significantly expands the calling scope for
6 these customers because existing Greenwood non-MCA customers can currently only call
7 all customers in the Greenwood exchange, Lee's Summit exchange customers and Belton
8 zone customers as a local call.

9 For existing MCA customers in the Greenwood exchange, the calling scope will
10 become smaller under OPC's proposal. Currently, Greenwood MCA customers may call
11 all MCA Principal customers, Tier 1, Tier 2 and Tier 3 customers and all MCA Tiers 4
12 and 5 subscribers as a local call. Under OPC's proposal, Greenwood MCA customers
13 may call all MCA Principal customers, Tier 1 and Tier 2 customers, and all MCA Tier 3,
14 4 and 5 subscribers as a local call. OPC's proposal, if approved, creates a slightly smaller
15 toll-free calling scope because calls from an MCA Greenwood subscriber to non-MCA
16 subscribers in other Tier 3 exchanges will become a toll call. This difference may be
17 considered insignificant by many existing MCA Greenwood customers as long as MCA
18 subscribership in other Tier 3 exchanges remains high.

19 Q. What are the optional Tiers 3, 4 and 5 exchanges and the applicable
20 incumbent local exchange carrier (ILEC) serving each exchange?

21 A. Schedule 4 outlines the ILEC exchanges served in each optional tier of the
22 Kansas City MCA area. There are six ILECs serving the optional KC MCA Tiers 3, 4
23 and 5.

Direct Testimony of
Michael S. Scheperle

1 Q. What is the take rate for optional Kansas City MCA Tiers 3, 4 and 5?

2 A. Schedule 5 outlines the percent of residential and business take rates for
3 Kansas City MCA Tiers 3, 4 and 5. The numbers and percentages are ILEC information
4 only and do not represent competitive local exchange carrier information.

5 Q. Please explain Schedule 6.

6 A. The exchanges associated with KC MCA are now competitive exchanges
7 under the provisions of SBC 237. Schedule 6 is provided for the Commission's
8 information as an easy source to review the competitive determination of each exchange.

9 Q. Does this conclude your Direct Testimony?

10 A. Yes, it does.

Missouri Public Service Commission
Case No. TO-2005-0144

Residential Analysis (Monthly Totals)

Current Greenwood MCA Subscribers

Greenwood "R1" Rate	\$8.79
Greenwood Residential MCA Rate	<u>\$12.35</u>
Total	<u>\$21.14</u>

New Rate Would Be (1)

Lee's Summit Rate	\$12.07
Plus OPC additive	<u>\$2.00</u>
Total New Monthly Recurring Rate	<u>\$14.07</u>

Current Residential Monthly Recurring Total	\$21.14
New Residential Monthly Recurring Total	<u>\$14.07</u>

Monthly Recurring Savings for current MCA Residential Subscribers

\$7.07

Current Greenwood Non-MCA Subscribers

New Lee's Summit rate (1)	\$14.07
Greenwood Non-MCA rate includes \$.10 for EAS additive to Lee Summit and Belton Zone	<u>\$8.89</u>

Total Monthly Recurring Rate Increase For Current Greenwood Non-MCA Subscribers

\$5.18

Business Analysis (Monthly Totals)

Current Greenwood MCA Subscribers

Greenwood "B1" Rate	\$22.30
Greenwood Business MCA Rate	<u>\$24.80</u>
Total	<u>\$47.10</u>

New Rate Would Be (1)

Lee's Summit "B1" Rate	\$38.50
Plus OPC additive	<u>\$3.00</u>
Total New Monthly Recurring Rate	<u>\$41.50</u>

Current Business Monthly Recurring Total	\$47.10
New Business Monthly Recurring Total	<u>\$41.50</u>

Monthly Recurring Savings for current MCA Business Subscribers

\$5.60

Current Greenwood Non-MCA Subscribers

New Lee's Summit rate (1)	\$41.50
Greenwood Non-MCA rate includes \$.29 for EAS additive to Lee Summit and Belton Zone	<u>\$22.59</u>

Total Monthly Recurring Rate Increase For Current Greenwood Non-MCA Subscribers

\$18.91

(1) Under OPC's proposal

SCHEDULE 2
IS DEEMED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY

Missouri Public Service Commission
Case No. TO-2005-0144
Local Calling Scope Areas

MCA Customers

MCA Areas	Greenwood Existing Calling Scope	Greenwood Proposed Calling Scope
Principal	Principal customers	Principal customers
Tier 1	Tier 1 customers	Tier 1 customers
Tier 2	Tier 2 customers	Tier 2 customers
Tier 3	Tier 3 customers	Tier 3 subscribers
Tier 4	Tier 4 subscribers	Tier 4 subscribers
Tier 5	Tier 5 subscribers	Tier 5 subscribers

Non-MCA Customers

Areas	Greenwood Existing Calling Scope	Greenwood Proposed Calling Scope
Greenwood Exchange	Greenwood Exchange	Greenwood Exchange
EAS to Lee's Summit and Belton Zone	EAS to Lee's Summit and Belton Zone	EAS to Lee's Summit and Belton Zone (included in MCA service)
MCA Principal		Principal customers
MCA Tier 1		Tier 1 customers
MCA Tier 2		Tier 2 customers
MCA Tier 3		Tier 3 subscribers
MCA Tier 4		Tier 4 subscribers
MCA Tier 5		Tier 5 subscribers

Missouri Public Service Commission
Case No. TO-2005-0144
ILEC Exchanges in KC Optional MCA Areas

Kansas City MCA

MCA Tier 3 Exchanges	ILEC
Leavenworth	SBC
Farley	SBC
Platte City	Sprint
Ferrelview	Sprint
Smithville	SBC
Kearney	Sprint
Missouri City	Sprint
Buckner	Sprint
Grain Valley	SBC
Lake Lotawana	Sprint
Greenwood	SBC

MCA Tier 4 Exchanges	ILEC
Weston	Sprint
Camden Point	Sprint
Edgerton	Sprint
Trimble	Spectra
Holt	Sprint
Excelsior Springs	SBC
Orrick	Sprint
Oak Grove	Sprint
Lone Jack	Sprint
Pleasant Hill	Sprint
Harrisonville	Sprint
Peculiar	Cass County
Cleveland	Cass County

MCA Tier 5 Exchanges	ILEC
Dearborn	Sprint
Plattsburg	Spectra
Lathrop	Lathrop
Lawson	Spectra
Richmond	SBC
Henrietta	Sprint
Wellington	Sprint
Odessa	Sprint
Holden	Sprint
Kingsville	Sprint
Strasburg	Sprint
East Lynne	Cass County
Garden City	Cass County
Archie	SBC
Freeman	MoKan Dial
Drexel	Cass County

SCHEDULE 5
IS DEEMED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY

SCHEDULE 6
IS DEEMED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY