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of LNP Requirements
Witness: Bruce Copsey
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KLM Telephone Company
Date: June 4, 2004

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. TO-2004-0401

**DIRECT TESTIMONY
OF
BRUCE COPSEY**

ON BEHALF OF

KLM TELEPHONE COMPANY

FILED

JUL 29 2004

Missouri Public
Service Commission

Exhibit No. 3
Case No(s). TO-2004-0401
Date 7-21-04 Rptr RF

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

Case No. T0-2004 - 0401

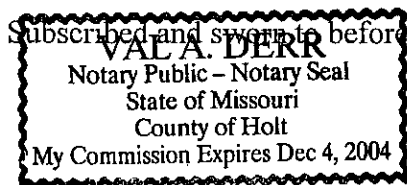
County of Holt)
State of Missouri)

AFFIDAVIT OF

BRUCE COPSEY

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

Bruce Copsey
Bruce Copsey



Val A. Derr
Notary Public

My Commission expires:

Dec 4, 2004

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3 **OF**
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5 **LOCAL NUMBER PORTABILITY**
6 **CASE NO. TO-2004-0401**

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1 **Q. ON WHOSE BEHALF DO YOU PRESENT THIS TESTIMONY?**

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

3

4 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. The purpose of my direct testimony is to request a two-year suspension for KLM
7 of the Local Number Portability (LNP) requirements imposed by the Federal
8 Communications Commission (FCC) and to explain the reasons for this request.

9

10 **DESCRIPTION OF KLM TELEPHONE COMPANY**

11

12 **Q. PLEASE DESCRIBE KLM TELEPHONE COMPANY.**

13 A. KLM is an incumbent local exchange carrier (ILEC) that provides local exchange
14 service in rural areas of western Missouri. KLM serves four (4) exchanges and
15 approximately 1,605 access lines. KLM's exchanges are Rich Hill, Metz,
16 Richards and Deerfield located in Bates and Vernon counties in Missouri.

17

18 KLM's service territory lies in a very unique geographical area. KLM's
19 northernmost service area boundary is also the local access and transport area
20 (LATA) boundary between the Kansas City and Springfield LATAs; all of
21 KLM's exchanges are within the Springfield LATA. KLM's westernmost
22 boundary is the Missouri/Kansas state line. Rich Hill, one of KLM's exchanges,

1 is located on Highway 71, which is the major highway running north and south
2 from Kansas City to the Arkansas and Oklahoma borders.

3
4 **Q. PLEASE DESCRIBE KLM's CERTIFICATE OF SERVICE AUTHORITY.**

5 A. KLM is authorized to provide telephone service to the public within those areas
6 described by its exchange boundary maps contained in tariffs on file with the
7 Missouri Public Service Commission (MPSC), (See MPSC Case NO. TA-88-61).

8
9 KLM does not have the authority, or the facilities, to provide telecommunications
10 service outside of its local exchange boundaries.

11
12 **LOCAL NUMBER PORTABILITY**

13
14 **Q. ONE OF THE DETERMINING FACTORS FOR SUSPENSION OF THE**
15 **FCC's LNP RULES IS TO DEMONSTRATE THAT IT IS TECHNICALLY**
16 **INFEASIBLE TO PROVIDE LNP, IS THAT CORRECT?**

17 A. Yes. That is correct.

18
19 **Q. FROM A TECHNICALLY FEASIBLE STANDPOINT, CAN KLM**
20 **PROVIDE LOCAL NUMBER PORTABILITY?**

21 A. No, KLM is not currently LNP capable.

22
23 **Q. PLEASE EXPLAIN WHY KLM IS NOT LNP CAPABLE.**

1 A. KLM exchanges are served by non-LNP capable Mitel GX 5000 switches. These
2 switches were placed in service in 1999 at a cost of \$751,954.21 and were
3 subsequently discontinued by the manufacturer. Replacement of the Mitel
4 switches will be required before December 31, 2007, when all Mitel technical
5 support ceases. LNP software is available from Mitel; however, this will only add
6 additional costs to the discontinued switches scheduled for replacement by KLM.
7 Any new switch subsequently acquired by KLM will have LNP functionality and
8 software translations included in the purchase price, thereby duplicating any LNP
9 costs that KLM would incur to modify its existing switches.

10

11 **Q. WITHOUT THE FCC'S LNP REQUIREMENT, WHEN DID KLM PLAN**
12 **TO REPLACE THE MITEL GSX 5000 SWITCHES?**

13 A. Prior to December 31, 2007, when Mitel will no longer provide technical or any
14 other support.

15

16 **Q. HAS KLM REQUESTED A SUSPENSION FROM THE MPSC**
17 **REGARDING THE MAY 24, 2004 LNP IMPLEMENTATION DATE?**

18 A. Yes. KLM requested a suspension and an interim, temporary suspension of the
19 LNP requirements was granted until August 7, 2004.

1 **REQUIREMENTS TO BECOME LNP CAPABLE**

2

3 **Q. PLEASE EXPLAIN THE TECHNICAL REQUIREMENTS NECESSARY**
4 **FOR KLM TO BECOME LNP CAPABLE.**

5 A. First, KLM would be required to sign contracts with Mitel to purchase the
6 hardware (new main controller cards), software, and translations required to
7 upgrade the existing KLM switches to become LNP capable. Mitel states there
8 will be a 90 day lead time to perform all work needed. Training of KLM
9 personnel will also need to take place during this timeframe.

10

11 Next, KLM would be required to obtain a contract with a vendor in order to have
12 access to the LNP database for launching queries to determine which carrier
13 should receive a customer's call.

14

15 Then, KLM would also be required to provide cost data and related demand to the
16 National Exchange Carrier Association (NECA) in order to establish the rate(s) to
17 bill for LNP related charges. KLM may also be required to file for rates
18 applicable to LNP services for customers in its local exchange and/or intrastate
19 access tariffs with the MPSC to recover costs for local and/or IntraLATA LNP
20 calls.

21

22 **Q. HAVE YOU IDENTIFIED THE ESTIMATED COSTS ASSOCIATED**
23 **WITH MAKING THE EXISTING SWITCHES LNP CAPABLE?**

1 A. Yes. Those cost estimates were previously provided to the Commission in a
2 February 24, 2004 proprietary filing made in this case.

3
4 **Q. WILL KLM BE REQUIRED TO DUPLICATE THE LNP INVESTMENT**
5 **AND RELATED COSTS WITH NEW SWITCHES?**

6 Yes. In a couple of years, when Mitel will no longer provide technical support for
7 the existing switches, KLM will be required to purchase new switches which will
8 include LNP software/hardware. It does not make economic sense to spend
9 significant capital dollars on new switches today for the benefit of perhaps three
10 (3) customers¹ when the existing switches at KLM can be used for another two to
11 three years.

12
13 **Q. IS IT IN THE PUBLIC'S BEST INTEREST FOR KLM TO IMPLEMENT**
14 **LNP PRIOR TO THE REPLACEMENT OF THE EXISTING MITEL**
15 **SWITCHES?**

16 A. No, it is not. If the nationwide estimate of ported numbers presented by Mr.
17 Warinner is accurate, then KLM would be spending money for the benefit of a
18 very few customers. Assuming that three (3) KLM customers would request
19 number porting, KLM does not believe that it is in the public's best interest to
20 burden its other one thousand six hundred two (1,602) customers with the cost of
21 implementing LNP to benefit the few. Ironically, KLM's local customers who do
22 not choose to port their will bear KLM's LNP costs through the FCC approved

¹ See Mr. William J. Warinner's Direct Testimony filed in this case.

1 surcharge. Those KLM customers who choose to port their numbers to a wireless
2 carrier will not pay KLM's surcharge that was imposed to provide them with the
3 option of porting numbers.

4
5 Furthermore, KLM believes that it is not in the public interest to replace the
6 existing Mitel switches today because the switches are not obsolete and Mitel will
7 provide technical support until December 31, 2007. The existing switches are
8 reliable and can support all other services until December 31, 2007. If KLM is
9 required to replace the Mitel switches now, KLM would incur an extraordinary
10 retirement of approximately \$500,000 (in addition to the substantial cost of new
11 switches). If KLM were allowed to defer the retirement of the Mitel switches for
12 another two years, the extraordinary retirement would be reduced by at least
13 \$108,000 providing future cost savings to KLM customers of approximately
14 \$1.12 per month for five years.²

15
16 The industry is in the initial stages of the soft-switch era and there have been
17 several manufacturing consolidations since the beginning of the year. There will
18 be many upgrades to product lines in the next few years, and the choice of
19 vendors from which to purchase new switches with the latest options will be
20 much clearer by then, thereby enabling KLM to purchase a product that will be
21 most appropriate and economical for a company of KLM's size.

1 **Q. ASSUMING THAT KLM's SWITCHES WERE LNP CAPABLE, DOES**
2 **KLM HAVE THE FACILITIES IN PLACE TO TRANSPORT LOCAL**
3 **CALLS TO PORTED NUMBERS OUTSIDE THE EXCHANGE AREAS**
4 **OF KLM?**

5 **A.** No. KLM has no interconnection facilities with any wireless carriers in place
6 today. No wireless carriers have direct connections with KLM nor do they
7 purchase local numbers from KLM or otherwise have a "local" presence in any of
8 KLM's exchanges.

9
10 All wireless carriers maintain indirect connections with KLM whereby wireless
11 calls are delivered to KLM through SBC common trunks from Springfield or
12 through interexchange carrier (IXC) facilities. All KLM wireline calls to wireless
13 customers must be placed as 1+ toll calls using the facilities of the calling
14 customer's presubscribed interexchange carriers.

15
16 Without direct connections with wireless carriers, KLM cannot deliver local calls
17 to wireless carriers within its exchange boundaries. To achieve the LNP
18 requirements apparently contemplated by the FCC, KLM would have to transport
19 local calls outside its exchange boundaries for termination to wireless carriers in
20 rate centers throughout the LATA.

21

² Assumes a reduction in KLM's extraordinary retirement of \$108,000 amortized over five years and prorated monthly to 1,605 customers.

1 **Q. COULD KLM CONTRACT WITH ANOTHER PARTY TO TRANSPORT**
2 **CALLS TO THE PORTED NUMBERS?**

3 A. Yes. KLM could possibly negotiate and obtain an agreement with a third party to
4 transport another carrier's ported numbers outside KLM's exchange boundaries.
5 However, the fees for obtaining such agreements could be very costly, especially
6 if arbitration was required, and, again, the process would benefit only a very few.

7

8 **KLM'S REQUEST OF THE MPSC**

9

10 **Q. WHAT IS KLM REQUESTING OF THE MPSC?**

11 A. KLM is requesting a two-year suspension for the implementation of LNP. This
12 will allow KLM to pursue the required Mitel switch replacement and will allow
13 sufficient time to determine and obtain the best equipment available. This will
14 also postpone the costs and charges to KLM's customers and by then, the industry
15 will have a much better idea of the demand for porting wireline numbers to
16 wireless carriers. In addition, there may be further guidance from the FCC
17 regarding the transport or routing of ported calls and/or from the courts as a result
18 of the appeals that have been taken.

19

20 **Q. DOES THE MPSC HAVE THE AUTHORITY TO GRANT A**
21 **SUSPENSION OF THE FCC REQUIREMENTS TO IMPLEMENT LNP?**

22 A. Yes. I believe the MPSC has the authority to grant a suspension of the FCC
23 requirements for LNP for the reasons discussed in the testimony of Mr. Warinner.

1

2 **Q. DOES KLM QUALIFY FOR SUSPENSION OR MODIFICATION OF THE**
3 **FCC'S LNP REQUIREMENTS UNDER SECTION 251(f) OF THE ACT?**

4 A. Yes. As discussed in the testimony of Mr. Warinner, KLM has demonstrated that
5 it serves less than two percent of all nationwide subscriber lines and that KLM
6 meets the requirements for suspension of the FCC's LNP requirements outlined in
7 Section 251(f) of the Act.

8

9 **SUMMARY AND CONCLUSION**

10

11 **Q. WILL YOU PLEASE SUMMARIZE YOUR DIRECT TESTIMONY?**

12 A. Yes. KLM is requesting a two-year suspension, until May 24, 2006, when KLM
13 will replace the exiting Mitel switches and become LNP capable. KLM has not
14 yet received any Bona Fide Requests for LNP from wireless carriers, and KLM
15 does not believe it is in the public's best interest to incur costs today for an
16 unknown demand since KLM will be required to replace the existing Mitel
17 switches by December 31, 2007.

18

19 KLM also requests that the suspension of the FCC's LNP requirements be subject
20 to extension beyond the current date of August 7, 2004 until the FCC addresses
21 the issue of carrier responsibility for the transport of local calls to carriers with
22 rate centers outside the local exchange areas of KLM. This issue could cause

1 significant adverse economic impact to KLM customers if KLM must bear the
2 cost of transporting local calls to various rate centers throughout the LATA.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A. Yes.**