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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Hearing

June 22, 2006
Jefferson City, Missouri
Volume 2

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

NANCY M. DIPPELL, Presiding,
SENIOR REGULATORY LAW JUDGE.

STEVE GAW,
ROBERT M. CLAYTON,
LINWARD "LIN" APPLING,
COMMISSIONERS.

REPORTED BY:
KELLENE K. FEDDERSEN, CSR, RPR, CCR
MIDWEST LITIGATION SERVICES

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1 P R O C E E D I N G S

2 (EXHIBIT NOS. 1 THROUGH 15 WERE MARKED FOR
3 IDENTIFICATION BY THE REPORTER.)

4 JUDGE DIPPELL: This is Case
5 No. TO-2006-172, or 0172, in the matter of the application
6 of Missouri RSA No. 5 partnership for designation as a
7 telecommunications company carrier eligible for Federal
8 Universal Service Support pursuant to Section 254 of the
9 Telecommunications Act of 1996.

10 My name is Nancy Dippell. I'm the
11 Regulatory Law Judge assigned to this matter, and we've
12 come here today for an evidentiary hearing based on
13 Missouri RSA No. 5's application. And I'd like to begin
14 with entries of appearance, if we could start with Staff.

15 MR. HAAS: Good morning. The Staff of the
16 Public Service Commission appears by William K. Haas. My
17 address is Post Office Box 360, Jefferson City, Missouri
18 65102.

19 JUDGE DIPPELL: Office of Public Counsel?

20 MR. DANDINO: Michael Dandino, Office of
21 the Public Counsel, Post Office Box 2230, Jefferson City,
22 Missouri 65102, representing the Office of the Public
23 Counsel and the public.

24 JUDGE DIPPELL: And Missouri RSA No. 5?

25 MR. DeFORD: Paul S. DeFord with the law

1 firm of Lathrop & Gage, 2345 Grand Boulevard, Kansas City,
2 Missouri 64108, appearing on behalf of Applicant
3 MO 5.

4 JUDGE DIPPELL: And start with -- and I'm
5 going to refer throughout the proceedings probably to the
6 Applicant as MO 5, and some of the intervenors that are
7 more than one, I'll just probably refer to you as the
8 small LECs.

9 Can you go ahead, Mr. England?

10 MR. ENGLAND: Yes, I can. Let the record
11 reflect the appearance of W.R. England and Brian McCartney
12 on behalf of the Intervenors Northeast Missouri Rural
13 Telephone Company and Mark Twain Rural Telephone Company.
14 Our address is Brydon, Swearngen & England, P.C., Post
15 Office Box 456, Jefferson City, Missouri 65102.

16 JUDGE DIPPELL: And likewise, I'll probably
17 refer to Spectra and CenturyTel as just CenturyTel.

18 MR. STEWART: Good morning. Charles Brent
19 Stewart, the law firm of Stewart & Keevil, LLC,
20 4603 John Garry Drive, Suite 11, Columbia, Missouri 65203,
21 appearing on behalf of Spectra Communications Group, LLC,
22 doing business as CenturyTel, and CenturyTel of Missouri,
23 LLC.

24 JUDGE DIPPELL: And AT&T, I may refer to
25 you as Bell or whoever during --

1 MR. GRYZMALA: Whatever flavor of the day.
2 Good morning, your Honor. My name is Bob Gryzmala,
3 appearing on behalf of Southwestern Bell Telephone, LP,
4 d/b/a AT&T Missouri, officed at One AT&T Center, Room
5 3516, St. Louis, Missouri 63101.

6 JUDGE DIPPELL: Okay. We premarked
7 exhibits before we went on the record, and otherwise we're
8 going to begin. We're going to adopt the order of
9 witnesses and opening statements and cross-examination
10 that the parties proposed, and so we will begin with
11 opening statements. I will ask -- I forgot to mention
12 before we went on the record, so I will mention now, if
13 you have a cell phone or Blackberry device, if you could
14 turn that off.

15 If you have -- and we have several
16 documents that were marked as highly confidential. When
17 we get to those documents, it's especially important to
18 make sure that your devices are actually turned off so it
19 doesn't interfere with the broadcast over the Internet. I
20 will ask you to perhaps remind me to make sure that the
21 sound is muted when we are broadcasting highly
22 confidential so we're not broadcasting highly confidential
23 information.

24 And also, I ask that you speak into the
25 microphone. It's up to you whether you want to question

1 witnesses from the podium or in your seat, but wherever
2 you are, I ask that you be sure and speak clearly and into
3 the microphone.

4 So we can go ahead then and begin with
5 opening statements, and I believe we begin with MO 5.

6 MR. DeFORD: May it please the Commission?
7 My name is Paul DeFord, and I'm here today representing
8 the Applicant MO 5. This case is about Mo 5's request to
9 be granted eligible telecommunication carrier status so
10 that it can draw money from the Federal Universal Service
11 Fund to improve its service coverage and facilities.

12 MO 5 is one of only two wireless carriers
13 that offer service exclusively within the state of
14 Missouri and predominantly in rural areas of the state. I
15 would submit to you that these are exactly the type of
16 companies that the USF is intended to support.

17 I would also submit to you that there could
18 be no legitimate doubt that MO 5 provides all of the
19 services necessary to be granted ETC status. Even under
20 the Staff's critical analysis of the statutory
21 requirements, it concluded that MO 5 provides or will
22 provide all of the necessary services.

23 The only real issue for consideration here
24 is whether it's in the public interest to grant MO 5's
25 application. I believe the evidence clearly establishes

1 that public interest will be furthered by granting MO 5's
2 application. Competition will be enhanced and more
3 comprehensive service will be deployed in rural Missouri.
4 Because MO 5 provides service only in rural Missouri, the
5 Commission can be certain that all monies received will be
6 accounted for and spent for the benefit of rural Missouri.

7 MO 5 has provided a detailed five-year
8 build-out plan, even though the Commission's pending ETC
9 rule requires only a two-year plan. Finally, MO 5 has
10 explicitly committed to meet each requirement of the
11 Commission's pending ETC rule.

12 In light of these facts, I would urge the
13 Commission to expeditiously grant the application. Thank
14 you.

15 JUDGE DIPPELL: Thank you. Public Counsel?

16 MR. DANDINO: Thank you, your Honor. May
17 it please the Commission? We're gathered here again to
18 consider a most recent in a long line of ETC cases. In
19 each of these cases, I believe the Office of the Public
20 Counsel has went into these cases -- especially went into
21 the hearings with an open mind but with a skeptical point
22 of view. There are a number of questions that we wanted
23 answered before we would support the Applicant's position.

24 Barbara Meisenheimer, our expert witness,
25 chief economic witness, has raised those questions in her

1 testimony, and we're hoping that by the end of this
2 hearing those questions will be answered either to our
3 satisfaction or, if they're not, then we would continue to
4 oppose -- oppose or not support this application.

5 The primary issue that we often come down
6 to is the protection of the consumer. Here we have a
7 unique situation where we have a competitive company in a
8 competitive industry with virtually no regulation. If
9 any, it's coming from that monolith commission in
10 Washington, D.C.

11 But I think that -- and then on the other
12 side, we have a fund of money, fund of funds that the
13 ratepayers have paid, whether they're long distance,
14 whether they're wireless carriers, whether they're local
15 exchange carriers, and for specific purposes. Those
16 specific purposes is for Lifeline and -- Lifeline to allow
17 universal service, service to all who come forward promote
18 that public policy issue.

19 The other public policy issue that the USF
20 supports is providing service in areas of high cost. Now,
21 obviously Public Counsel would like to see the high-cost
22 areas in this state served. We also want the low-income
23 or Lifeline customers served in those areas. But we're
24 not willing to sacrifice all the gains, all the
25 protections that wireline consumers have just because --

1 because the customer is now a wireline customer. We
2 believe that wireline and wireless customers, where the
3 companies are ETC companies should have the same rights
4 and protections.

5 For that reason, I think that if you look
6 at this case at the very end, we wanted to make sure there
7 was an unequivocal, unambiguous commitment on the record
8 that this company will provide those same rights to the
9 wireless customers as they do to the wireline customers.
10 Thank you.

11 JUDGE DIPPELL: Thank you. Staff?

12 MR. HAAS: Good morning. In its
13 application, MO 5 has requested the Commission to
14 designate it as an eligible telecommunications carrier
15 or ETC. An ETC delegation will make MO 5 eligible to
16 receive Federal Universal Service support. Federal
17 statute 47 USC Section 214(e) authorizes a state
18 commission to designate a carrier as an ETC. The Federal
19 Communications Commission has adopted rules for ETC
20 applications coming before it.

21 The FCC has encouraged states to adopt
22 similar guidelines to allow for a more predictable ETC
23 designation process among the states.

24 This Commission's new rule 4 CSR 240-3.570,
25 requirements for carrier designation as eligible

1 telecommunications carriers, generally follows the FCC's
2 requirements for a carrier to receive ETC designation.
3 The Commission's rule becomes effective on June 30th.

4 The parties to this case have used the
5 Commission's new rule to analyze MO 5's application. An
6 applicant for ETC designation must satisfy all of several
7 federal and state requirements. Because MO 5 does not
8 satisfy every one of these requirements, the Staff
9 recommends that the Commission reject MO 5's application.
10 I will briefly address those requirements that MO 5 does
11 not satisfy.

12 The Commission's ETC rule at paragraph
13 2(a)(8) requires, among other things, a statement that
14 carrier will satisfy consumer privacy protection
15 standards. MO 5 does not make this commitment.

16 Rule paragraph 2(a)(10) requires the
17 carrier's commitment to offer a local usage plan
18 comparable to those offered by the incumbent local
19 exchange carrier. MO 5 does offer a comparable plan, but
20 has not committed to continue offering a comparable plan.
21 The rebuttal testimony of Staff witness Mr. McKinnie
22 pointed out MO 5's failure to make these commitments, but
23 MO 5's witnesses still did not make these commitments in
24 surrebuttal testimony.

25 The FCC requires an ETC application to

1 include a five-year plan that describes with specificity
2 the proposed improvements or upgrades to be funded by the
3 high-cost support. Because of the uncertainty of
4 forecasting expenditures five years out, the Commission's
5 ETC rule requires at rule paragraph 2(a)(2) only a
6 two-year plan demonstrating with specificity that high
7 cost universal support shall only be used for the
8 provision, maintenance and upgrading of the facilities and
9 services for which the support is intended.

10 Highly confidential revised Appendix M to
11 the surrebuttal testimony of MO 5 witness Simon
12 demonstrates that MO 5 does not plan to spend all support
13 for supported facilities and services.

14 Commission rule paragraph 2(a)(5) and
15 federal statute 47 USC Section 214(e)(2) and the FCC's ETC
16 designation order require a demonstration that the
17 Commission's grant of the Applicant's request for ETC
18 designation would be consistent with the public interest,
19 convenience and necessity.

20 In its application, MO 5 states that
21 designating it as an ETC will enhance consumer welfare by
22 promoting competition. The FCC, however, has concluded
23 that increased competition by itself is not sufficient to
24 satisfy the public interest in rural areas. Moreover,
25 there do not appear to be large coverage gaps in MO 5's

1 service areas.

2 MO 5 suggests that the expansion of its
3 E911 wireless coverage in these most rural areas is in the
4 public interest. However, MO 5 has provided no evidence
5 showing whether there are 911 or E911 wireless coverage
6 gaps in its requested ETC areas.

7 In conclusion, the Staff recommends that
8 the Commission reject MO 5's application for ETC
9 designation. MO 5 has not made all of the commitments
10 necessary to satisfy the requirement of the Commission's
11 ETC rules, even after Staff's rebuttal testimony
12 specifically identified areas where a commitment was
13 lacking, nor has MO 5 demonstrated that granting ETC
14 designation would be consistent with the public interest,
15 convenience and necessity. Thank you.

16 JUDGE DIPPELL: Thank you. CenturyTel?

17 MR. STEWART: Good morning. May it please
18 the Commission? I'm Brent Stewart representing Spectra
19 and CenturyTel in this proceeding.

20 As the Commission knows, this is the second
21 eligible telecommunications carrier case to be heard since
22 the Commission concluded its ETC rulemaking proceeding.
23 The first case was Northwest Cellular just a few weeks
24 ago. I believe in that case our post-hearing briefings
25 are due on July the 10th.

1 There, as here, everyone seems to agree
2 that the Commission should apply its new ETC rule as part
3 of its evaluation of the Applicant's request. In fact, in
4 this case MO 5 has filed supplemental direct testimony
5 intended to address the Commission's new rule. However,
6 even with the additional information provided in MO 5's
7 supplemental direct testimony, no party to the proceeding
8 other than MO 5, of course, supports the application as
9 it's currently submitted.

10 Now, while our specific reasons may differ
11 and perhaps focus on different aspects of the application,
12 every other party has prefiled testimony showing that MO 5
13 still has not fully met the requirements of the
14 Commission's new ETC rule, nor met the public interest
15 test as that test has been evolving in -- recently in the
16 Federal Communications Commission's March 17th 2005 ETC
17 Designation Order, the Virginia Cellular case and the
18 Highland Cellular case.

19 Like the Northwest Cellular case, this case
20 is extremely important because it, too, will be the
21 Commission's first real opportunity to interpret and apply
22 the provisions of its new ETC rules. The way and level of
23 rigor in which the Commission decides to apply this rule
24 in this case will necessarily affect the minimum showing
25 that future ETC applicants will make and, whether we like

1 it or not, will probably become the yardstick by which all
2 future ETC applications are measured.

3 With respect to that rule, CenturyTel
4 believes that the language of the rule is quite clear,
5 specifically with respect to Section 2(a)(1) through (3).
6 For example, the rule requires a showing by the Applicant
7 that all USF support will be used for USF-intended
8 purposes. Also shows that one of those purposes is to
9 provide service to rural customers or consumers, that is
10 reasonably comparable to the service provided to consumers
11 in urban areas, and also a showing that the proposed
12 improvements would not otherwise occur absent the receipt
13 of USF support. Rule's pretty clear on that.

14 Spectra and CenturyTel would hope that the
15 Commission in this and other ETC cases would adhere to
16 these clear standards as set forth in the rule and decline
17 to grant ETC status when the required evidentiary showings
18 fall short. We have presented prefiled testimony which
19 has been unrebutted in MO 5's surrebuttal which
20 demonstrates specifically how
21 MO 5's application falls short of these clearly stated
22 rule requirements.

23 With respect to the issue of the use of
24 support for intended USF purposes, Mr. Brown, our witness,
25 has identified a number of areas where MO 5's failing --

1 or MO 5's filing fails to meet this requirement. Staff
2 witness McKinnie has also identified similar areas,
3 specifically MO 5' claim that USF support can be used to
4 cover income tax expense.

5 I do, in the interest of candor, however,
6 need to make a correction to our testimony, first here,
7 and later, again, when our witness takes the stand.
8 Mr. Brown in his testimony had indicated that he believed
9 that MO 5's Schedule M showed an inappropriate double
10 counting of depreciation expense.

11 Well, after further examination of MO 5's
12 Schedule M, and now revised Schedule M, Mr. Brown has
13 since concluded that such was not the case. It was only
14 first this morning, in fact, that we discovered that
15 revised Schedule M was actually part of the case. I don't
16 know what happened with our e-mail communication, but we
17 were going off the original Schedule M and that was part
18 of the problem.

19 The bottom line is that while we believe
20 that MO 5's Schedule M still shows a mismatch between USF
21 receipts and appropriate expenditures, the total dollars
22 of the mismatch obviously will be less than Mr. Brown had
23 indicated in his prefiled testimony. Again, we will make
24 the specific necessary corrections to our testimony when
25 Mr. Brown takes the stand, and I apologize for the error.

1 The rule also requires the submission of a
2 detailed map or maps. This is not simply because the
3 Commission needs to know what area of the state we're
4 talking about, but because the Commission necessarily does
5 need to see where and how USF support will be used, the
6 improvements and availability, quality and a level of
7 service to be had, and the specific rural populations that
8 will benefit.

9 A key component of this in the case of
10 wireless carriers is wireless signal strength before and
11 after USF expenditures. Wireless technology only provides
12 the benefit MO 5 touts if the consumer can expect to
13 receive a reliable and sufficiently strong wireless
14 signal.

15 I don't know if you've ever been to a -- go
16 down to purchase a cell phone, but they'll show you a
17 coverage map and, in fact, I believe Mr. Reeves in the
18 Northwest case and probably today will be talking about
19 coverage maps.

20 Well, the coverage map doesn't tell the
21 whole story. It doesn't deal with signal strength and
22 signal availability. The Commission needs to know whether
23 and where USF expenditures will result in high quality and
24 I'll call it five-bar service, where it's minimum to low
25 quality one-bar service or something in between.

1 Has MO 5 provided the Commission with this
2 information as part of its prefiled case? I think the
3 record will reflect that the answer is no and, therefore,
4 the Commission has no way to determine, as required by its
5 own rule, how consumers in rural and high cost areas of
6 the ETC service area will receive service and signal
7 strength comparable to that available in the more urban
8 areas.

9 Now, MO 5 had the opportunity and, frankly,
10 the ability to provide this information but for some
11 reason has elected not to do so.

12 Moving away from the rule itself, as
13 discussed in Mr. Brown's prefiled testimony, we believe
14 that, as a general proposition, the Commission should
15 apply its new ETC rule provisions and applicable federal
16 law in a uniform manner to all prospective ETC applicants
17 to determine if approval of a particular ETC application
18 is in the public interest. Consistent with federal
19 requirements, this should be a very fact-specific exercise
20 and should be based on the strength or weakness of each
21 ETC applicant's specific and comparative evidentiary
22 showing, and especially in the context of use of scarce
23 public funds, the level of public accountability that is
24 obtained from the applicant and the applicant's
25 enforceable commitment to USF principles.

1 The Commission in this case necessarily
2 will need to determine how it's going to handle requests
3 from multiple wireless providers for ETC designation in
4 the same wire center. This is not a hypothetical.
5 All of the wire centers in which MO 5 has requested ETC
6 designation also have been requested by U.S. Cellular in
7 Case No. TO 2005-0384, which, of course, is still pending
8 before the Commission.

9 Now, MO 5 suggests that this and other
10 broader public interest considerations are simply
11 irrelevant to the Commission's decision in this case.
12 Well, they are quite relevant if the Commission wants to
13 exercise its lawful regulatory oversight to ensure that
14 rural Missouri customers in high-cost areas can continue
15 to receive access to basic high-quality telecommunications
16 services.

17 The economies of providing service in rural
18 insular high cost areas of the state and the impact of
19 funding multiple ETCs in the same rural wire centers with
20 low population densities is discussed in Mr. Brown's
21 rebuttal testimony; again, testimony which MO 5 has
22 elected not to rebut.

23 Now, contrary to MO 5's view, the
24 Commission is not required to ignore the elephant in the
25 room and should exercise what limited authority it does

1 have over wireless carriers to assure the right type and
2 level of infrastructure investment from scarce Universal
3 Service funds for the benefits of rural Missourians.

4 In the final analysis, the Commission in
5 this case not only must apply its new ETC rule to the
6 pending application, it must also engage in a public
7 interest analysis, a significant part of which will be to
8 satisfy itself that MO 5 has met its burden to show that
9 the incremental public benefits of granting MO 5 ETC
10 status outweighs the incremental public cost. We believe
11 that, based on the record of the prefiled testimony, the
12 evidence will show that MO 5 has not. Thank you.

13 JUDGE DIPPELL: Thank you. Small LECs?

14 MR. ENGLAND: May it please the Commission?
15 My name is Trip England. I represent Intervenors
16 Northeast Missouri Rural Telephone Company and Mark Twain
17 Rural Telephone Company in this proceeding.

18 I have had enlarged Applicant's Appendix C,
19 which I believe is not proprietary, which depicts their
20 proposed ETC area, if you will. This is a blowup of the
21 appendix that is attached to, I believe, Mr. Reeves'
22 testimony. And I wanted to use that to explain maybe a
23 little better, more graphically Northeast and Mark Twain's
24 concerns, among others in this case.

25 The proposed licensed area of MO No. 5 is

1 the solid line, rather straight line in most instances,
2 particularly along the northern boundary on that map. The
3 proposed ETC area is a hatched or cross hatched line that
4 in some cases meshes with the license area but in other
5 cases does not. In some instances, it goes beyond MO 5's
6 licensed area; in other places it actually comes within
7 the licensed area.

8 For example, Northeast Rural Missouri's
9 exchanges are depicted in yellow on this map, and the only
10 exchange that is impacted by this case is their
11 southernmost exchange by the name of Winigan.

12 And if you look carefully, what you'll see
13 here is that while Northeast is requesting ETC status in
14 the entire wire center, as they are required to do, they
15 can't split the wire center. Their actual licensed area
16 cuts through the exchange, and according to
17 Mr. Schoonmaker, the actual licensed area only covers
18 approximately 22 percent of the land area of that exchange
19 and about 17 percent of the customers.

20 In the case of Mark Twain, their exchanges
21 are shown in the dark blue in the northeast part of the
22 map, if you will, the upper right-hand corner, and only
23 two of their exchanges are covered by MO 5's current
24 request. That is the Leonard exchange and the Bethel
25 exchange. And I believe in the case of Bethel, there's a

1 similar issue or a similar situation occurring where
2 MO 5's licensed area actually cuts through the exchange,
3 but the proposed ETC area extends beyond its licensed
4 area.

5 This is not just a theoretical or an
6 interesting, if you will, intellectual issue. It's a very
7 real issue in assessing how MO 5 is going to be able to
8 provide services beyond its licensed area, particularly
9 all of the services that are required for eligible
10 telecommunications carrier status. So to a certain extent
11 these two companies have an issue that is different from
12 that of maybe some of the other intervenors in this case,
13 and I wanted to point that out at the outset.

14 By the way, the Winigan exchange in the
15 northeast scenario is one of 14 exchanges that they serve
16 in north Missouri, and the Leonard and Bethel exchange of
17 Mark Twain is one of 14 exchanges that they serve in the
18 northeast part of Missouri.

19 Both Northeast and Mark Twain currently
20 provide state-of-the-art telephone service to their
21 subscribers. They both are fully regulated by this
22 Commission as in regards to quality of service, billing
23 standard requirements, consumer protection standards, and
24 they comply with all of those standards. They either meet
25 or exceed them. Neither Northeast or Mark Twain is aware

1 of any customer in their certificated areas that has
2 requested service and been denied service because it is
3 impractical or too costly to serve those customers.

4 Both Northeast and Mark Twain serve truly
5 rural areas characterized by low density and high cost,
6 and as a result both of these companies receive
7 substantial USF support based on the costs that they have
8 actually incurred in the past in order to provide the
9 telecommunications service that they do in these areas.

10 If MO 5 is designated as an ETC in this
11 case, they will be eligible to receive the same per line
12 or per customer support as Northeast and as Mark Twain, at
13 least for customers that they have in those designated
14 exchanges served by Northeast and Mark Twain.

15 As a result of this, both the FCC and now,
16 more relevantly, this Commission have adopted rigorous
17 standards which competitive ETCs like MO 5 must meet in
18 order to be designated an eligible telecommunications
19 carrier and thus receive Federal Universal Service
20 support.

21 In addition to meeting the enumerated
22 standards of the -- of the rules, the competitive ETCs
23 must also make an affirmative showing that their
24 designation as an ETC is in the public interest. In this
25 case, it appears that MO 5 has failed on two accounts, or

1 both accounts. It has not adequately demonstrated that it
2 meets all of the standards or requirements of the rule,
3 nor has it adequately demonstrated that a grant of ETC
4 designation is in the public interest.

5 With respect to some of the rule standards
6 that it appears MO No. 5 does not meet, and some of these
7 have previously been discussed by other counsel in their
8 opening statement, it is not clear that MO No. 5 will
9 provide access to operator services, which is a
10 requirement. It is not clear that MO 5 will fully comply
11 with the quality of service standards or comply with
12 customer privacy protection standards, as required by this
13 Commission.

14 It is not clear that MO 5 will be able to
15 provide an ILEC equivalent plan, particularly in regards
16 to Northeast and Mark Twain exchanges, because those
17 exchanges have expanded local calling or toll-free calling
18 to all of their 14 exchanges, most of which are located
19 outside MO 5's licensed area. MO 5 has not demonstrated
20 or explained how they are going to be able to provide
21 toll-free calling under their plans in all of those
22 exchanges served by Northeast and Mark Twain.

23 It is not clear that MO 5 will be able to
24 offer ETC services, required services in areas that are
25 beyond its licensed area. Again, the example being

1 Winigan, which is served by Northeast, and to some degree
2 Bethel, which is served by Mark Twain.

3 Echoing some of the concerns I believe
4 raised by both Staff and CenturyTel, it is not clear that
5 MO 5 has adequately demonstrated it will spend all of its
6 USF support dollars to improve coverage, service quality
7 or capacity, in addition to the monies they would have
8 otherwise spent in these endeavors absent USF support.

9 Finally, MO No. 5 fails to demonstrate that
10 being granted ETC designation will be in the public
11 interest. Typically this requires a cost/benefit
12 analysis, and no real analysis has been made in this
13 case. We know what the costs are. I believe in the
14 testimonies -- direct testimony of either MO 5 witness
15 Simon and/or Zentgraf we are told that MO 5 would be
16 eligible for at least an additional \$1.5 million in
17 Federal Universal Service funds. That is the direct cost
18 that we know that is associated with the grant of eligible
19 telecommunication carrier status.

20 There are also indirect costs, being, for
21 example, the impact that this would have as well as other
22 grants of ETC designation in these areas would have on the
23 USF fund and its long-term stability and viability.

24 Balanced against that or weighed against
25 that are the benefits. Mr. Haas directly notes that

1 increased competition is not sufficient in and of itself
2 to outweigh the costs associated with this grant of ETC
3 status.

4 I believe when you look at the record, and
5 without getting into some of the actual facts because many
6 of them are highly confidential, MO 5 has not demonstrated
7 that there is sufficient incremental additions, if you
8 will, of increased customer choice, new services, new
9 technologies, improved coverage or increased capacity that
10 will outweigh the costs associated with the grant of ETC
11 status.

12 In closing, the Intervenors, at this time
13 at least, oppose a grant of ETC status to MO No. 5,
14 particularly insofar as their proposed areas cover those
15 few exchanges that Intervenors Northeast and Mark Twain
16 serve. Thank you very much.

17 JUDGE DIPPELL: Thank you. AT&T?

18 MR. GRYZMALA: May it please the
19 Commission? Good morning. My name is Bob Gryzmala. I
20 represent Southwestern Bell Telephone, LP, doing business
21 as AT&T Missouri. On behalf of AT&T Missouri and myself,
22 thank you for the opportunity to appear before you.

23 Our interest in this case, your Honors, is
24 directed to six AT&T Missouri wire centers in which MO 5
25 has asked the Commission to grant it ETC designation

1 status, and Mr. England has graciously allowed me to offer
2 or to utilize his map to show you briefly where these are.

3 If you look at Appendix C, which I have
4 before you, in particular for the color orange, the wire
5 centers of AT&T in which MO 5 has sought ETC status are
6 basically in the southeast corner -- we'll call it five
7 o'clock if you will -- which would encompass Moberly,
8 Higbee, and Armstrong. Others are roughly on the nine
9 o'clock side of the ETC status, just left of center,
10 Marceline, Brookfield, and one other. No, that would be
11 it. There are four in the southeast, two in the center.

12 The Commission should deny the application
13 of MO 5 for ETC designation as to all of these wire
14 centers for many of the reasons that have been pointed out
15 by co-counsel. The Commission has a great deal of
16 experience in this area already with its considered
17 adoption of the ETC rule in this state, with its having
18 been exposed to the FCC rules and its March 17, 2005 ETC
19 Designation Order. Among all those frameworks, the most
20 important of which to view this case is through the prism
21 of the Commission's new ETC rule. That rule becomes
22 effective at the end of this month.

23 We supported that rule. It was carefully
24 crafted by the Staff. It was adopted after the benefit of
25 significant industry input. It represents a rigorous --

1 called for a rigorous review, a stringent review. It's
2 the right thing to do. The rule's now in place. As
3 Mr. Stewart pointed out, this is but another opportunity.
4 We have the Northwest case that we were all together on
5 just a few weeks ago before your Honor. This is the
6 second.

7 I want to focus on just a few of the areas
8 of particular interest to -- or particular concern to AT&T
9 Missouri. They are first -- having to do with the
10 application. They are, first, the improved signal
11 coverage that MO 5 purports to offer; second, its
12 emergency preparedness; third, the comparability of its
13 Lifeline offerings; and fourth, whether it meets the
14 public interest.

15 Commission's Rule 35-702(a)(3) requires
16 that the applicant demonstrate that it will improve
17 coverage, service quality or capacity in the area. That
18 has not been met here. We are confident that you will see
19 maps offered by the -- by MO 5 which should convince you
20 that the vast majority of its ETC area is already the
21 beneficiary of adequate signal strength.

22 MO 5 has not demonstrated its ability to
23 remain functional in emergency situations. Our evidence
24 demonstrates the shortcomings of Missouri 5 or MO 5's
25 application in this regard. To the extent they have the

1 capacity, they certainly have not shown it in their
2 evidence.

3 Regarding Commission Rule 34-702(a)(10),
4 which requires that an applicant commit to Lifeline
5 discounts at rates, terms and conditions comparable to
6 those of the ILEC, MO 5 has not met the bill relative to
7 AT&T Missouri's Lifeline offerings.

8 Our evidence shows that while it purports
9 to claim that its Lifeline rates would be below those of
10 the ILECs, that is not the case with regard to AT&T. Our
11 evidence, unrebutted by Mr. Stidham, is not only that MO
12 5's rates are not comparable, but that they are far above
13 those of AT&T Missouri.

14 Finally, we find it problematic to conclude
15 that MO 5 has met the public interest test. Mr. DeFord
16 emphasized that competition will be enhanced, but while
17 that may have been a factor some years ago at the FCC, the
18 tide has turned, and Ms. Zentgraf will admit to you that
19 there's no order since the 2005 Designation Order of the
20 FCC that suggests other than competition by itself does
21 not meet the public interest test; that is, the value of
22 enhanced competition by itself does not meet the public
23 interest test. Mr. Haas made that point quite accurately
24 in his opening statement.

25 We also find it concerning that the

1 Applicant makes representations that there will be
2 additional public benefits by granting this wireless
3 carrier ETC status. We also agree with others'
4 observations that, for example, if a wireless carrier or
5 others already provide wireless coverage in these areas,
6 then residential consumers are already getting the
7 benefits of wireless service, including the benefits of
8 calling 911 or E911. That's just one example in which the
9 presence of other wireless competitors in this area shown
10 to you on Appendix C has an impact on this application.

11 In the end, your Honors, our position
12 remains that MO 5's application falls short of the
13 Commission's rule, the requirements of the law, as
14 reflected in that rule, and that the application should
15 therefore be denied. Thank you very much.

16 JUDGE DIPPELL: Okay. I believe at least
17 Commissioner Clayton and perhaps Commissioner Appling and
18 myself may have some questions for the attorneys before we
19 get started with the witnesses, so I'm going to turn it
20 over to Commissioner Clayton.

21 Commissioner Appling, did you have any
22 questions for the attorneys before we get started?

23 COMMISSIONER APPLING: I think I'm going to
24 reserve mine for the expert witnesses.

25 JUDGE DIPPELL: Go ahead, Commissioner

1 Clayton.

2 COMMISSIONER CLAYTON: I had a few
3 preliminary questions, so if the attorneys would indulge
4 me just for a second. First of all -- they're spread out
5 all over my page, so I apologize if I jump around here.

6 First of all, Mr. Dandino, are there any
7 conditions that OPC suggests that the Commission has the
8 ability to implement that would allow for OPC to be
9 supportive of this application?

10 MR. DANDINO: I would look at the rules in
11 Chapter 32 and 33, and I believe 34, because those are the
12 essential rights of the -- of the ratepayer.

13 COMMISSIONER CLAYTON: Let me add,
14 Chapter 32 relates to -- do you know what? One relates to
15 billing, one relates to quality service.

16 MR. DANDINO: I think 34 relates to
17 billing, 32 -- 33 relates to quality of service, and let's
18 see here. I have them right in front of me.

19 COMMISSIONER CLAYTON: Let me ask the
20 question this way: You're suggesting that if we were to
21 approve this application, we should condition approving it
22 based on compliance with all the provisions within those
23 three chapters, 32 through 34?

24 MR. DANDINO: I'm sorry. It's 32 and 33.

25 COMMISSIONER CLAYTON: And 33. Thank you.

1 MR. DANDINO: Every one -- every one of
2 those points where they are technically able to meet
3 those.

4 COMMISSIONER CLAYTON: Does OPC believe we
5 have the authority to order that? Would it be legally
6 binding?

7 MR. DANDINO: Certainly, because you're
8 putting conditions on ETC qualifications. The FCC says as
9 long as you -- you can put additional reasonable
10 conditions on it. I think it's imminently reasonable for
11 you to make sure that all ETC carriers provide equal
12 rights to all their -- to all their customers, and
13 especially to their -- you know, in those -- in the rural
14 areas.

15 COMMISSIONER CLAYTON: Okay. Thank you.
16 Mr. Haas, if we make the assumption that the Applicant
17 commits to complying with the provisions of the ETC rule
18 and each of the obligations that they have -- and you
19 started listing out some of those sections, and I don't
20 have the rule in front of me, and I started writing down
21 the numbers and they're all jumbled on my page now.

22 But if we assume that they made the
23 commitment to offer each of the items within the rule, are
24 there any additional conditions if those are met, are --
25 if those are met, would Staff agree to the ETC

1 designation, or are there additional conditions that would
2 permit Staff to agree to the ETC designation?

3 MR. HAAS: Commissioner, we don't have an
4 additional condition, but we have a burden of proof
5 question, and that is that the applicant has failed to
6 show that the grant would be in the public interest.

7 COMMISSIONER CLAYTON: Well, let me ask --
8 I understand burden of proof, but from Staff's point, what
9 would -- what would they need to prove and commit to to
10 change your mind that would satisfy the burden that you're
11 suggesting has not been met now?

12 MR. HAAS: One possible way would be for
13 the Applicant to show that it is going to be providing
14 E911 service where no other carrier is providing that
15 service.

16 COMMISSIONER CLAYTON: Okay. So if they
17 showed that, then you-all would agree to the application,
18 if they -- and all the other provisions of the rule have
19 been met?

20 MR. HAAS: I suppose it depends on how
21 large of an area is unserved today. If they're going to
22 be adding one, one small area, perhaps that's not enough
23 to show that it's in the public interest to spend a
24 million and a half dollars a year.

25 COMMISSIONER CLAYTON: This wasn't the

1 definitive answer I was looking for. Doesn't sound like
2 you've got a position that's formulated that says, well,
3 if they provide this service, this service and this
4 service, and then we place these additional conditions,
5 that you would be in agreement on granting ETC
6 designation. I just want to be clear. I'll go on to
7 someone else and wait for Mr. McKinnie's testimony.
8 That's okay.

9 Mr. DeFord, does this Commission have the
10 ability to grant ETC status for part of the designated
11 area on the map or is it all or nothing?

12 MR. DeFORD: I believe the Commission has
13 the authority to grant partial if it so determines that
14 the evidence supports only partial.

15 COMMISSIONER CLAYTON: Certainly.
16 Certainly. Okay. Okay. Mr. Stewart, what exchanges
17 affected in this service territory that are served by
18 CenturyTel or Spectra that have been named competitive,
19 through a competitive classification case here?

20 MR. STEWART: I'm just trying to think of
21 which -- trying to remember exactly which Spectra/
22 CenturyTel exchanges are in there. I know --

23 COMMISSIONER CLAYTON: And it's kind of
24 confusing having two companies serving the same state,
25 isn't it?

1 MR. STEWART: I know Macon is there. I
2 believe on the southwest part of the proposed area we have
3 some Spectra exchanges, and I believe -- is there some
4 north? I can't answer that question as to -- I can't even
5 identify those exchanges off the top of my head. I can
6 certainly get that information for you, though.

7 COMMISSIONER CLAYTON: We've got it. I
8 thought offhand if you knew it...

9 MR. STEWART: I fortunately was not
10 involved in those cases.

11 COMMISSIONER CLAYTON: I can't help you
12 with that.

13 Mr. Gryzmala, for AT&T, which exchanges
14 have been designated competitive that are affected in this
15 service?

16 MR. GRYZMALA: Commissioner, I'm sorry. I
17 do not know that either, but I can get that information.

18 COMMISSIONER CLAYTON: Boy, I'm batting a
19 thousand here today, aren't I, with these questions?
20 There is legislation pending in the Congress right now
21 which would completely preempt the states from any
22 regulation of wireless service that's pending right now,
23 and it's difficult to know whether it would pass and
24 whether the same language would be included in the bill
25 upon final passage.

1 But if states were completely preempted
2 from any type of regulation on wireless service, would
3 this Commission have the authority to require -- make any
4 requirements upon a wireless company, whether it be terms
5 and conditions from CTIA or any billing requirements under
6 whatever chapter that was or any quality of service?

7 And I'm asking all the attorneys to chime
8 in on this. If they enact preemption of all wireless
9 service of the states, would we be able to have the
10 authority to implement any requirements on the ETC
11 designation?

12 Does anyone have any thoughts on that?

13 MR. DANDINO: Your Honor, Commissioner, if
14 you're talking about a total preemption, I would think
15 that that would -- even though right now the ETC authority
16 is granted through the federal government, I think if they
17 grant a total preemption, I do not think this Commission
18 would have authority over wireless service, and that would
19 be one of the most unfortunate things. Right now, they're
20 hardly regulated now.

21 COMMISSIONER CLAYTON: Mr. DeFord, do you
22 have a comment on that?

23 MR. DeFORD: Your Honor, I'm not familiar
24 with the proposed legislation, but I guess I would agree
25 to some extent with Mr. Dandino. If they preempt the

1 entire field, then I think all of the state commissions
2 would lose complete authority. Again, I'm not familiar
3 with --

4 COMMISSIONER CLAYTON: Well, and just my
5 limited knowledge of the interplay between federal and
6 state law, while -- it would probably be assumed that they
7 leave the ETC designation section alone and then they put
8 it in another place to completely preempt wireless, which
9 would lead to a conflict. I'm sure there would be no
10 lawsuits over that.

11 Does anyone else have any comments, Staff
12 or Mr. England, Mr. Stewart?

13 MR. STEWART: Fortunately conflict of laws
14 was not one of my favorite subjects, but I do share the
15 fear and concern that Mr. Dandino expressed.

16 MR. ENGLAND: And I think you hit the nail
17 on the head. It depends on what the legislation says. If
18 you're deregulating, or preempting rather, all regulation
19 of wireless carriers on the one hand but still allowing
20 states to make an ETC determination on the other, there
21 may be a carve out. And it's not that you're regulating
22 them, you're setting the bar at a certain level that if
23 they want to opt -- and it's their choice to do so -- if
24 they want to opt into the Federal Universal Service Fund,
25 that they may have to adhere to certain quality of service

1 or other standards that you designate for purposes of that
2 ability to get those funds.

3 COMMISSIONER CLAYTON: Okay. Mr. Gryzmala,
4 do you know if AT&T supports any wireless ETC applications
5 throughout its -- throughout all of its states aside from
6 Cingular?

7 MR. GRYZMALA: I am not -- I'm not familiar
8 with the applications in other states. I can tell you
9 that in Missouri I have been responsible for them from the
10 legal perspective. We have always gone in with an open
11 mind, to the extent that when and if an ETC application
12 wireless carrier makes the required showing, that we would
13 be amenable to that.

14 To answer your question, if I understand it
15 properly, to date we have not as yet supported an
16 application after having seen the evidence in Missouri.

17 COMMISSIONER CLAYTON: Okay.

18 MR. STEWART: Commissioner, I was just
19 going to mention, from CenturyTel's perspective, the
20 recent Mark Twain case recertification, CenturyTel did not
21 oppose that one.

22 COMMISSIONER CLAYTON: Okay. I had a
23 question on here for Mr. England whether he's ever been to
24 Bethel.

25 MR. ENGLAND: No, I haven't, your Honor.

1 COMMISSIONER CLAYTON: Do you know it's the
2 home of the World Sheep Festival?

3 MR. ENGLAND: I didn't know that, sir.

4 COMMISSIONER CLAYTON: You should do your
5 research.

6 MR. ENGLAND: I'm sufficiently chastised,
7 your Honor.

8 COMMISSIONER CLAYTON: Last question to
9 Staff and OPC. In the analysis that each of you have
10 made, does it matter whether or not the ILEC has been
11 competitively classified on whether or not to grant ETC
12 designation for a wireless carrier?

13 For example -- and I guess I'll set this
14 up. For example, Macon I believe is competitively
15 classified, which relies on this wireless company
16 providing service in that territory. Does it make any
17 difference in the analysis of whether ETC designation
18 should be granted in Macon from a legal point of view?

19 MR. DANDINO: Your Honor, Commissioner,
20 when we first looked at this analysis, since these were
21 not competitive companies, you know, we really didn't go
22 through a whole analysis, but we do understand that the --
23 that the threshold level for these companies to move from
24 a -- from a rate of return company to a price cap company,
25 and then even the very low threshold to go from a price

1 cap company to a competitive company is a concern to us,
2 and that's why we think that any ETC should meet those
3 standards for the small ILECs.

4 MR. HAAS: We did not consider whether the
5 exchange was granted competitive status or not. I believe
6 that the question before the Commission is whether it's in
7 the public interest to grant the designation and whether
8 the company plans to use the money for the supported
9 purposes.

10 COMMISSIONER CLAYTON: But does the public
11 interest change in an exchange that's been deemed
12 competitive versus one that's not competitive? Does it
13 change the analysis in looking at the public interest from
14 Staff's point of view, is what I'm asking?

15 MR. HAAS: No, it would not.

16 COMMISSIONER CLAYTON: It would not make
17 any difference. Okay. Thank you very much.

18 JUDGE DIPPELL: All right. Did you have
19 anything?

20 COMMISSIONER APPLING: I think I'm okay.

21 JUDGE DIPPELL: Okay. I had just a couple
22 of clarifying questions.

23 Mr. DeFord, is there a place in the
24 application or in the testimony that each of the wire
25 centers that's requested is actually listed?

1 MR. DeFORD: I believe so, but I would
2 defer that question to Mr. Reeves.

3 JUDGE DIPPELL: Okay. I saw Mr. Gryzmala
4 shaking his head. I'm just -- I'm trying to reconcile a
5 couple of things, and one is that CenturyTel said that all
6 of the exchanges from the U.S. Cellular case, all of those
7 wire centers were requested in this case.

8 MR. DeFORD: Yeah, I believe U.S. Cellular
9 asked for the entire state, so that's kind of --

10 MR. STEWART: Your Honor, you might look at
11 the actual application, Appendix F, which is HC. I
12 believe that lists.

13 JUDGE DIPPELL: Okay.

14 MR. ENGLAND: Your Honor, I don't believe
15 that's the right reference. Appendix F lists coverages
16 that go beyond --

17 JUDGE DIPPELL: Is it Appendix D, including
18 the highlighted ones and the ones that say full study
19 area? Let me ask my --

20 MR. DeFORD: I believe that's correct.

21 JUDGE DIPPELL: Okay. Let me ask then one
22 more question. I didn't see in that list a request for --
23 I'm looking for the name here. There's a wire center,
24 according to the U.S. Cellular application, that's called
25 Indian Grove, and it's like this little hole in the middle

1 of the Minden wire center, and I'm trying to figure out,
2 are those the same wire center or -- and perhaps this is
3 better asked of one of the fact witnesses, but I --

4 MR. DeFORD: I'm sure it is. I'm sure
5 Mr. Reeves would --

6 JUDGE DIPPELL: You think Mr. Reeves might
7 know the answer to that when we get to him? Okay. That's
8 my only confusion. I was just trying to figure out
9 exactly which wire centers we're talking about here.

10 And then, Mr. Gryzmala, you also mentioned,
11 tell me again the wire centers that affect -- are affected
12 under the -- that AT&T serves.

13 MR. GRYZMALA: Yes, your Honor, six of
14 them. Brookfield, Marceline, Moberly, and those are full
15 wire center designation basis that MO 5 seeks. The ones
16 for which they seek partial designation are Armstrong,
17 Higbee and Glasgow.

18 JUDGE DIPPELL: Okay. It was the Glasgow
19 one that I was missing.

20 MR. GRYZMALA: Forgive me. I bolluxed that
21 up in opening statement. But those six, three on a full
22 basis, three on a partial.

23 JUDGE DIPPELL: Okay. All right. Then
24 let's go ahead and get started with our first witness.

25 MR. DeFORD: Call Kathryn Zentgraf.

1 (Witness sworn.)

2 JUDGE DIPPELL: Thank you.

3 KATHRYN ZENTGRAF testified as follows:

4 DIRECT EXAMINATION BY MR. DeFORD:

5 Q. Good morning, Ms. Zentgraf. Would you
6 state your name and spell it for the reporter, please.

7 A. Kathryn G. Zentgraf, Z-e-n-t-g-r-a-f.

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

10 A. I own Zentgraf Consulting, as well as on
11 May 1st I took a position with Chariton Valley as their
12 director of business operations.

13 Q. And have you caused to be prepared and
14 filed prepared direct testimony which has been marked for
15 identification as Exhibit 1?

16 A. Yes.

17 JUDGE DIPPELL: Mr. DeFord, can I get you
18 to speak up just a little or speak into your microphone?

19 MR. DeFORD: It's on now.

20 JUDGE DIPPELL: Thank you.

21 BY MR. DeFORD:

22 Q. Ms. Zentgraf, do you have any corrections
23 or changes to the testimony which you've --

24 A. I do.

25 Q. Could you tell us where the first

1 correction is?

2 A. On page 1, my address is now 1607 Sherwood,
3 Macon, Missouri 63552.

4 Q. And the next correction?

5 A. On page 16, lines 1 through 7, at the time
6 that the testimony was prepared, the Commission was in the
7 process of that rulemaking for the ETC designation, and
8 that rule is pending today and should be completed, I
9 believe it's on June 30th.

10 Q. Any additional corrections?

11 A. No.

12 Q. If I were to ask you the questions set
13 forth herein, with those corrections, would your answers
14 be substantially the same?

15 A. Yes.

16 Q. Would those answers be true and correct to
17 the best of your information and belief?

18 A. Yes.

19 MR. DeFORD: With that, your Honor, I would
20 offer Exhibit 1 and tender Ms. Zentgraf for cross.

21 JUDGE DIPPELL: Would there be any
22 objection to Exhibit No. 1?

23 (No response.)

24 JUDGE DIPPELL: Seeing none, I will receive
25 it in evidence.

1 (EXHIBIT NO. 1 WAS RECEIVED INTO EVIDENCE.)

2 JUDGE DIPPELL: All right. Then we can
3 begin with cross-examination. Public Counsel?

4 MR. DANDINO: Thank you, your Honor.

5 CROSS-EXAMINATION BY MR. DANDINO:

6 Q. Good morning, Ms. Zentgraf.

7 A. Good morning.

8 Q. I take it you didn't bring back pineapples
9 for everyone?

10 A. I didn't. I apologize.

11 Q. Okay. Now, you had your consulting
12 business between 2003 and 2006?

13 A. I still have it, yes.

14 Q. You still have it. How many wireline
15 companies did you consult for during that time?

16 A. The only two -- I did the two in Missouri,
17 Chariton Valley Telephone and Northwest Missouri
18 Telephone. I also worked with a couple small telephone
19 companies in Texas.

20 Q. And how many wireless companies did you
21 consult for, roughly?

22 A. A dozen.

23 Q. A dozen. How many in Missouri?

24 A. Two.

25 Q. And they are?

1 A. Chariton Valley and Northwest. I
2 apologize. Three. Also Mid-Missouri Cellular.

3 Q. Looking at your testimony, you're not a law
4 school graduate, are you?

5 A. No.

6 Q. And I guess then you're not an attorney
7 licensed in Missouri or any other state?

8 A. No.

9 Q. So your testimony about the legal framework
10 and the regulatory guidelines is not an authoritative
11 legal opinion or advice to this Commission but is more as
12 a technical expert?

13 A. That's correct.

14 Q. Would you define what roaming is?

15 A. Roaming is when we have made -- a carrier
16 has made an agreement with another wireless carrier to
17 utilize their network and likewise allow their customers
18 to come into that carrier's market and utilize their
19 network.

20 Q. And if there's no roaming agreement between
21 two carriers, what happens to the phone call or what
22 happens to -- yes, what happens to the customer's phone
23 call?

24 A. There are usually multiple carriers --
25 there may be multiple carriers in a market. If there's

1 only that one carrier and you do not have an agreement
2 with that customer, you will not be able to use your phone
3 except for 911 and emergency services.

4 Q. And what does the telephone indicate to you
5 the reason why you can't make a call?

6 A. It really won't indicate. It may actually
7 see a signal. There are some phones that will show a
8 signal; there's some phones that will not show a signal.
9 For those that show a signal, if you try to use it you
10 will get a tone that will not allow you to use the
11 service.

12 Q. Does it say no roaming?

13 A. No.

14 Q. What's the usual price differential between
15 a call, a roaming call, I guess would be a proper way to
16 say it, a roaming call --

17 A. Okay.

18 Q. -- versus a network call?

19 A. It depends on whose cost that you're
20 discussing. If you're talking about the carrier's cost,
21 the carrier has a cost to provide their own service
22 because they have a switch, they have their own network,
23 and they take all of their costs together to see and break
24 it out by minutes of use to get an average cost per
25 minute.

1 Q. I'm looking more toward the customers, the
2 retail end.

3 A. Right. On the customer side, it depends on
4 what type of program or a plan that that customer has
5 chosen. So there are many carriers that will allow
6 roaming at no cost or at home rates, it's included in
7 their buckets, but that is strictly on a
8 carrier-by-carrier basis as far as what rates they charge.

9 Q. What about the Applicant here, what's the
10 difference between their roaming rates and the network
11 rates?

12 A. They're going to -- in many cases they will
13 charge the same rate for home as they do roam.

14 Q. You said in many cases. What are the
15 exceptions?

16 A. If there was a -- some of the what I'm
17 going to call older plans, that are several, by meaning
18 probably ten years old, that are still on the books today
19 that customers are on, that in that time you usually paid
20 for your roaming minutes. So you would be charged for
21 your home airtime minutes, and then when you would roam or
22 leave your network, home network, you would be charged a
23 per minute rate of 50 cents a minute or 75 cents a minute,
24 depending on that plan. But there are a large number of
25 plans that are in place at Chariton Valley.

1 Q. Now, does a -- would a roaming agreement be
2 similar to what interconnection agreements are in the
3 wireline sector?

4 A. Not necessarily, because your
5 interconnection agreements are when we make an agreement
6 with another carrier, and wireless companies do have
7 interconnection agreements with wireline companies that
8 say we want to terminate calls that are originated from my
9 market and terminate to your network and we're going to
10 deliver them over either direct trunks or indirect trunks,
11 so that's slightly different than actual roaming.

12 Q. Those are called traffic -- usually called
13 traffic termination agreements?

14 A. Yes.

15 Q. Okay. Do you have -- does the Applicant
16 have traffic termination agreements with all the ILECs in
17 their requested service area?

18 A. No, they do not.

19 Q. Which ones do they not have traffic
20 termination agreements?

21 A. I'm going to default that question to Jim
22 Simon. I think he'll be able to answer that one a little
23 bit better.

24 Q. What would be the effect of not having a
25 traffic termination agreement with the ILEC in your

1 service territory?

2 A. The call would have to be routed over the
3 interexchange network, out over the long distance network
4 to terminate to that ILEC that they do not have a direct
5 connect agreement with.

6 Q. Would that be rated as a toll call?

7 A. Not necessarily. It depends on the plan
8 that you're on. Many plans no longer have a toll charge
9 associated with it. That is up to the company to choose
10 whether it's rated or not.

11 Q. What about the return, a return call from a
12 landline to the -- to the wireless with those -- with
13 those fact situations?

14 A. It depends on where that call's originating
15 from, what that carrier allows for a local call. So if a
16 call was originated in Mark Twain's service area that was
17 destined for a Chariton Valley wireless customer, it's
18 going to be up to Mark Twain to determine how they would
19 like to route and rate that call.

20 Q. So in that situation, a traffic termination
21 agreement doesn't make any difference?

22 A. If there was a traffic termination
23 agreement that was reciprocal between the two companies,
24 we would agree on how that call would be routed and what
25 rates we would charge one another for that call to

1 terminate to one another.

2 Q. But if there were no traffic termination
3 agreements -- you said there was a number that you didn't
4 have?

5 A. Uh-huh.

6 Q. Under those circumstances, what would be
7 the result of the call from the wireline customer in the
8 requested service area to the Applicant's customer?

9 A. You're wanting me to explain to you how the
10 telephone company is going to route and rate that call,
11 and I have no idea how Mark Twain routes and rates calls.

12 Q. I don't know --

13 A. From the origination portion.

14 Q. I don't know is an answer. So that's fine.

15 A. Okay.

16 Q. Now, do you know if the Applicant has
17 requested local interconnection agreements with those
18 ILECs?

19 A. With all the ILECs that are in our service
20 area?

21 Q. Yes.

22 A. At the present time, I can say that I know
23 that we have not requested interconnection with all of
24 them. And I will defer to Jim Simon on the ones that we
25 have requested.

1 Q. Do you have -- are you able to disclose
2 here the reasons why you have not requested, the Applicant
3 has not requested termination agreements with those ILECs?

4 A. I don't think there's any -- you know,
5 there hasn't been a goal to not request. I will tell you
6 that that is -- has been under discussion with Jim Simon
7 and I to request interconnection agreements with the
8 ILECs, because from our perspective, it helps us reduce
9 our costs if we can get a cost that is lower than what we
10 actually pay an interexchange carrier to handle that
11 service.

12 So today, to send a call to Mark Twain, if
13 I choose to make that a local call, I still have to pay
14 the long distance on that call, and so if we can get a
15 rate that is lower than what I'm going to pay a long
16 distance company, then I would choose to do so. But that
17 won't determine whether it's going to be free to or from
18 the subscriber.

19 Q. So really, as we're sitting here today, you
20 can't tell whether those type of calls without an
21 interconnection agreement are going to affect whether the
22 customer makes a local call or is charged for a toll call?

23 A. On both ends of the spectrum?

24 q. Right.

25 A. I can't tell you at all what would happen

1 from Mark Twain's perspective because it is my
2 understanding that if they send that over an
3 interconnection facility that we've agreed on, they still
4 have the determination of how they're going to rate that
5 call.

6 Q. And what about from your company?

7 A. From our company's perspective, as I said,
8 most of our current plans that we have today don't even
9 have long distance. You don't even pay for any toll or
10 long distance today. So it's kind of a moot issue for us,
11 except that it allows our ability to reduce our costs.

12 Q. What is the CTIA?

13 A. What is it?

14 Q. Yes.

15 A. The Cellular Telecommunication Industry
16 Association.

17 Q. And what is that association?

18 A. It is an association that comprises
19 carriers. It's a membership organization. Much like the
20 Missouri Telecommunication Industry Association is here in
21 the state, that is comprised of telecommunications
22 carriers, that company is comprised of wireless and PCS
23 companies, and it's a fee-based organization.

24 Q. What do you mean by fee-based organization?

25 A. You have to pay to belong.

1 Q. Okay.

2 A. Just like you do at MTIA, same thing.

3 Q. Like I do for a lot of them --

4 A. There you go.

5 Q. -- to the Missouri Bar.

6 The consumer code for wireless service that

7 the CTIA developed, that's a -- essentially that's a code

8 of conduct?

9 A. Correct.

10 Q. And it's a code of conduct developed by the

11 industry for their own members?

12 A. Correct.

13 Q. And how long has this been in effect, if

14 you know?

15 A. I can't tell you how long.

16 Q. Is the Applicant a member of CTIA?

17 A. I do not believe they are.

18 Q. A wireless customer usually has an

19 expectation that it will be -- that when you use your

20 phone, you can reach someone?

21 A. Sure.

22 Q. Or that somebody can reach you?

23 A. Sure.

24 Q. I was within five miles of Highway 70 lost

25 on Warren County roads and was talking to my office and

1 suddenly there was a dead spot. Isn't that a serious
2 problem for the wireline industry -- wireless industry?

3 A. Okay. I think dead spots unfortunately is
4 saying that that is an area where a tower has not been
5 built yet and one is needed. Do we need to put a tower
6 there? Sure. I mean, of course, we can't because that's
7 not a licensed service area, but whoever the carrier is,
8 I'm sure they would like to provide service there as well.
9 They just for some reason haven't chose to put a tower
10 there.

11 Q. Do you keep a -- does the Applicant keep a
12 record of the dead spots in their proposed service area?

13 A. Do you want to define record?

14 Q. Let's say indication on the map of the
15 coverage area.

16 A. Not to my knowledge.

17 Q. So the customer comes in and you give them
18 coverage maps, it would not indicate any areas where
19 there's dead spots, it would only indicate where you are
20 authorized to provide service?

21 A. That's correct. That is part of the sales
22 process is to discuss with the customer that is coming in
23 the door that is interested in getting service, if they
24 are going to be utilizing the phone in an area, they will
25 be asked where they're going to be using it because it

1 also makes a difference on what type of a number that they
2 receive.

3 And then from there, if it is in an area
4 that has poor service, they will explain that to the
5 customer and also allow the customer, should they so
6 choose, to try the phone to see if it will work in the
7 areas in which they're needing service.

8 Q. I'm going to jump back briefly to the
9 interconnection agreements. We discussed the
10 interconnection agreements with the ILEC within your
11 service territory. Are there interconnection agreements
12 with the ILECs that adjoin your service territory?

13 A. I don't believe so, but that might be
14 another question you'd like to ask Jim. But as far as I
15 know, I don't believe so.

16 Q. Okay. Would that be an important question
17 to know the answer to?

18 A. No.

19 Q. Why not?

20 A. Because interconnection agreement is
21 truthfully nothing more than how a call is routed, and if
22 I maybe understood why you care how it's routed, because
23 it has nothing to do with the rating, then that might make
24 sense. But for how the call is physically gotten from
25 Point A to Point B to me doesn't have relevance.

1 MR. DANDINO: May I have a moment, your
2 Honor?

3 JUDGE DIPPELL: Sure.

4 BY MR. DANDINO:

5 Q. Is there going to be or do you intend
6 to -- strike that. Gather my thoughts here for a second.
7 I lost track.

8 For Lifeline customers, does the Applicant
9 intend to assign certain NXXs to those Lifeline customers
10 so they can identify them for -- for whatever purposes?

11 A. No. They'll be treated just like any other
12 customer. If the customer's in Moberly, they'll get a
13 Moberly number, versus if the customer's in Brookfield,
14 they'll get a Brookfield number. But they won't be
15 segmented out and say, we're going to give you this
16 special customer because you're a Lifeline customer. That
17 wouldn't have any usefulness.

18 Q. If one of the adjoining areas -- adjoining
19 exchanges is an EAS target, doesn't that make the
20 interconnection agreement a very important item?

21 A. Again, that is just how the call is routed
22 and not rated. I will -- I'll kind of back up here and
23 say that, drawing from past experience, and maybe things
24 have changed, but during my life at Mid-Missouri Cellular,
25 we actually had a hearing before the Commission for an

1 interconnection agreement with Southwestern Bell. And, in
2 fact, I think Trip was involved with that.

3 And that was one of our issues that we
4 brought before the Commission because we wanted to have
5 direct connection between certain Bell end offices and
6 Mid-Missouri Cellular at the time, and we assumed, since
7 those were direct connects, that they would be local
8 calling, and we were informed by Southwestern Bell at that
9 time that, no, that wasn't going to be the case.

10 Now, I believe we won that, and for those
11 direct trunks where we were end office to end office, we
12 were afforded that as long as the NPA/NXX resided within
13 the same exchange as the Bell end office. So if I wanted
14 to have local calling from Lamont to Sedalia at the time,
15 I was informed that, yes, we will deliver the traffic, but
16 no, we're not going to give it local calling to our
17 customers.

18 Do I agree with that? No, but that was the
19 ruling. Whether it still stands, I don't know if another
20 attorney can answer that or someone else. I've been away
21 from it for a few years now, so I don't know. But that
22 was an issue at that time.

23 Q. Does the wireless industry have a set of
24 standards for what is described -- what would be
25 considered adequate wireless service?

1 Honor. Thank you. Thank you very much.

2 THE WITNESS: Thank you.

3 JUDGE DIPPELL: Thank you. Staff?

4 CROSS-EXAMINATION BY MR. HAAS:

5 Q. Good morning, Ms. Zentgraf.

6 A. Good morning.

7 Q. You mentioned that you had taken a new job
8 with Chariton Valley. Is that Chariton Valley the
9 wireline company or the wireless company?

10 A. Yes, both.

11 Q. And what is the relationship between
12 Chariton Valley wireline and wireless company?

13 A. Chariton Valley Telephone is the 75 percent
14 partner in Chariton Valley Wireless.

15 Q. And just to be clear, what business name
16 does MO 5 operate under?

17 A. Chariton Valley Wireless.

18 Q. Would you please turn to your testimony?

19 On page 6 you state, thus from the language of the
20 statute, the Commission must designate more than one
21 carrier of an ETC in an area served by a non-rural
22 telephone company if the requesting carrier meets the
23 requirements of Section 214(e) (1) of the Act.

24 First, what is a non-rural telephone
25 company?

1 A. There is a rural definition that states
2 that what an actual rural company is, and it is a local
3 exchange company that it's -- if you turn to the preceding
4 page of my testimony on page 5, it actually tells you it's
5 defined in Section 15-337 of the Communications Act. But
6 it is a local exchange carrier that meets the statutory
7 provisions for its size and service area.

8 Q. Does MO 5 serve in areas that are served by
9 rural or non-rural telephone companies or both?

10 A. Both.

11 Q. Can you identify which companies are rural
12 and which are non-rural?

13 A. The non-rural, I believe, are Southwestern
14 Bell, and the ALLTEL, CenturyTel, Mark Twain, Northeast
15 and Chariton Valley are the rural. I believe those are.
16 I don't have it in front of me, but I believe that's it.

17 Q. Have you read the FCC's March 2005 ETC
18 Designation Order?

19 A. At some point in time, yes, I have.

20 Q. And in that order, doesn't the FCC say that
21 a public interest standard also applies in non-rural
22 areas?

23 A. I can't remember.

24 Q. Does the Missouri ETC rule distinguish
25 between rural and non-rural carrier areas?

1 A. Without looking at it, I can't tell you.

2 Q. At page 16, you have calculated that MO 5
3 expects to receive \$1,534,230 annually in USF support.
4 Have you recalculated that amount since you prepared the
5 testimony?

6 A. I have not.

7 Q. Have you seen the supplemental direct
8 testimony of Mr. Simon?

9 A. I'm sure I have.

10 Q. Do you have that with you?

11 A. I do not.

12 MR. HAAS: Your Honor, may I approach?

13 JUDGE DIPPELL: Yes.

14 BY MR. HAAS:

15 Q. Ms. Zentgraf, I've handed you a copy of the
16 supplemental direct of Mr. Simon, and I would direct your
17 attention to highly confidential Appendix M. And I'm not
18 asking you to read any numbers off of that.

19 A. That's okay.

20 Q. But on that schedule, Mr. Simon has used a
21 different number for the expected amount of USF funds. Do
22 you know why he used a different amount in that schedule?

23 A. No, I do not.

24 Q. At page 25 of your testimony, you refer to
25 two cellular licenses and six personal communications

1 service or PCS licenses. First, what is a cellular
2 license?

3 A. Cellular license, there are two. There is
4 an A carrier and a B carrier. Back when those licenses
5 were auctioned, normally the A carrier was an
6 entrepreneurial license, and the B license was usually
7 related to a landline, wireline company.

8 Q. What is a PCS license?

9 A. A PCS license is the second round of
10 auctions that were auctioned off. They're in the
11 1900 spectrum, where the cellular licenses were in the
12 800 spectrum, but both provide wireless services.

13 Q. Have eight licenses been issued for the
14 MO 5 area?

15 A. Yes.

16 Q. How many of the eight licensees are
17 operating in the MO 5 area?

18 A. I believe five. There's Chariton Valley,
19 Dobson, U.S. Cellular, Cingular, AT&T, Sprint. But Jim
20 Simon may be able to fill in if there's somebody else
21 that's providing service in those locations.

22 Q. Are there dead spots in the areas in which
23 MO 5 seeks designation where none of these licensees
24 provide wireless 911 coverage?

25 A. I do not have the capability, nor do I

1 believe anyone has the capability to answer that, because
2 I -- it is confidential information, what carriers serve
3 within their market. I can't call them up and get a map
4 and say, can you show me where your dead spots are, to
5 each one of the carriers. So I can tell you it is
6 physically impossible for me or probably anybody else in
7 this room to be able to gather that information.

8 Q. Don't wireless carriers put maps in their
9 advertising that show where they provide service?

10 A. Usually the maps that they provide are the
11 license service areas and not their actual coverage
12 service areas. That's confidential information. That way
13 they can't have their competitor have their maps in hand
14 and say, why on earth would you ever want to buy service
15 from them, look at all these dead spots that this carrier
16 has. They just do not provide that information.

17 Q. Could you drive the roads and highways of
18 the area and thereby learn where your competitors' towers
19 are located?

20 A. I could find where their towers are located
21 by driving. You do have to have them marked, the towers
22 marked as to the license number and who's the actual owner
23 of the tower. Knowing just where a tower is, which you
24 might be able to direct this to Mr. Reeves, but just
25 because a tower is located there doesn't tell me what the

1 coverage footprint is.

2 Now, yes, you can have specific equipment
3 that you can drive a market with to look and see if you're
4 pulling a signal and whether it would be a usable signal
5 from that location from one or more carriers, but I can't
6 tell you just because there's a tower at one location how
7 large of a footprint that it covers.

8 MR. HAAS: Thank you. That's all my
9 questions.

10 JUDGE DIPPELL: CenturyTel?

11 MR. STEWART: Your Honor, I have no
12 questions of this witness, but I do have an answer for
13 Commissioner Clayton.

14 JUDGE DIPPELL: Okay.

15 MR. STEWART: Of the ten exchanges that are
16 covered in the ETC requested service area, those are all
17 Spectra exchanges, not CenturyTel, and only the Macon
18 exchange has been declared competitive both for
19 residential and business. The other exchanges in the
20 service area have not.

21 COMMISSIONER CLAYTON: So it's all Spectra
22 and no CenturyTel of Missouri?

23 MR. STEWART: That's correct.

24 COMMISSIONER CLAYTON: Shouldn't you get
25 that cleaned up, CenturyTel, Spectra?

1 MR. STEWART: I will take that up with the
2 powers that be.

3 JUDGE DIPPELL: Okay. Is there any
4 cross-examination from the small ILECs?

5 MR. ENGLAND: Yes, your Honor.

6 JUDGE DIPPELL: Are you going to have a lot
7 of cross-examination, Mr. England?

8 MR. ENGLAND: 10 or 15 minutes, perhaps.

9 JUDGE DIPPELL: Let's just go ahead and
10 break right now, and then we'll come back at 10:30 and
11 resume with questions. Don't think of more during the
12 break. Let's go off the record.

13 (A BREAK WAS TAKEN.)

14 JUDGE DIPPELL: Let's go ahead and go back
15 on the record. We are going to resume with Mr. England's
16 questions for Ms. Zentgraf.

17 MR. ENGLAND: Thank you, your Honor. I
18 have some questions that are public and I may have some
19 questions that are highly confidential, so I'll take the
20 public ones first. Then I'll ask a few preparatory
21 questions to see if what I'm getting into is highly
22 confidential and if this witness has the necessary answer
23 or information to give me an answer.

24 JUDGE DIPPELL: And I may take any public
25 questions that AT&T has before we go in-camera.

1 MR. ENGLAND: Sure.

2 CROSS-EXAMINATION BY MR. ENGLAND:

3 Q. Good morning, still, Ms. Zentgraf.

4 A. Good morning.

5 Q. Could you look at page 11 of your
6 testimony, lines 8 through 12, and I want to read that and
7 then ask you some questions. Are you there?

8 A. Uh-huh.

9 Q. On line -- beginning on line 8 of page 11,
10 you say, in the Virginia Cellular order the FCC made it
11 clear that where a wire center lies partially beyond a
12 wireless ETC's FCC-licensed CGSA, it can meet its
13 obligations as an ETC by providing service in those areas
14 through agreements with other wireless carriers, and MO 5
15 will do so with respect to the portions of wire centers
16 that lie beyond the boundary of MO 5's FCC-licensed
17 service area.

18 Do you see that?

19 A. Yes.

20 Q. My first question is, do you have -- think
21 we have enough acronyms in that paragraph?

22 A. No.

23 Q. Secondly, what I want to get at is, I think
24 what you're describing there is what I was getting at in
25 my opening statement and what is graphically sort of

1 depicted on your-all's Appendix C.

2 A. That is correct.

3 Q. Specifically the Winigan exchange?

4 A. That's correct.

5 Q. And I guess to a lesser degree the Mark

6 Twain Bethel exchange?

7 A. Yes.

8 Q. How will -- let's focus on Winigan.

9 That's, I think, a little more obvious and easier to deal
10 with. You've asked for the entire wire center, part of
11 which lies outside your licensed area?

12 A. Right, because I can't break that up.

13 Q. And do you have any information to dispute
14 Mr. Schoonmaker's characterization that your licensed area
15 only covers roughly 22 percent of the service area, if you
16 will, of that exchange or 17 percent of the customers?

17 A. My licensed area?

18 Q. Yes.

19 A. I can't -- I will assume it's 22 percent.

20 I'm looking at it. It looks not quite 22 percent, maybe a
21 little bit under half, but, you know, I can't tell you
22 from here, but it's cut through the middle of that
23 exchange.

24 Q. You don't have any better numbers than
25 Mr. Schoonmaker, do you?

1 A. No, I don't.

2 Q. And as you said, you've got to take in the
3 entire exchange?

4 A. Correct.

5 Q. Okay. Could you have just as easily
6 omitted the Winigan exchange from your proposed service
7 area?

8 A. Could I have?

9 Q. Yes.

10 A. Yes.

11 Q. And -- well, let me ask you, do you know
12 why you included Winigan as opposed to omitting or
13 excluding Winigan?

14 A. We have customers that are located within
15 their service area that is on our side of the CGSA. And
16 realize, too, that we are licensed to serve the area
17 that's in bold, but a cellular signal doesn't stop at that
18 dividing line and say, you can't cross. It's a radio
19 wave. So it does go beyond. Plus we can serve that
20 through roaming agreements with other providers.

21 Q. Okay. I notice, however, in the Mark Twain
22 exchange of Philadelphia over here on the far right side,
23 you have chosen to not go to your licensed boundary, if
24 you will, with the ETC boundary, but actually excluded
25 that Philadelphia exchange from your ETC area, even though

1 part of it lies within your licensed area?

2 A. That's correct.

3 Q. Okay. Is it your understanding that later
4 at some point, if you think you can or think it's
5 appropriate, you could seek to expand your ETC area by
6 asking to include, for example, the Philadelphia exchange?

7 A. Yes, we could.

8 Q. Okay. So if you were to exclude Winigan in
9 this particular proceeding but determine sometime in the
10 future that you wanted to include it, nothing would
11 prohibit you from going back and trying to do that?

12 A. Not that I know of.

13 Q. You mentioned that to some degree your
14 radio signal may allow you to serve the northern portion,
15 we'll call it, of the Winigan exchange, and in other
16 instances you may have to enter into roaming agreements
17 with other wireless carriers --

18 A. That's correct.

19 Q. -- to serve that?

20 Have you done so?

21 A. I can't tell you with any specificity
22 whether we do or we don't.

23 Q. Okay. Would Mr. Simon know perhaps?

24 A. I'm going to say at this point in time, no.

25 Q. Okay. Would you agree with me that to the

1 extent you enter in a roaming agreement with another
2 carrier so that you're able to serve these areas outside
3 your licensed area, that that other carrier's going to
4 have to provide all of the required services that you are
5 within the ETC area, correct?

6 A. That's correct.

7 Q. Okay. They're going to have to provide
8 access to operator services?

9 A. That's correct.

10 Q. Equal access if the underlying carrier, as
11 I understand --

12 A. Yeah, Northeast gives up their -- yes, we
13 would have --

14 Q. Its ETC status?

15 A. Right.

16 Q. 911?

17 A. Correct.

18 Q. So essentially that contract, if you will,
19 wouldn't be a typical roaming contract, would it? It
20 would have to include some sort of guarantee or
21 representation by that carrier that they're going to
22 provide all of the services that you've represented and
23 warranted to the Commission that you're going to provide
24 in the ETC area?

25 A. I think that would be between us. It's our

1 determination, because if I'm serving the customer, I'm
2 the one that's going to have to represent to the
3 Commission that we are going to provide that service
4 regardless if we're using -- if we're providing it using
5 our own facilities or another carrier's facilities.

6 So in my opinion, it's going to come down
7 to us. It would be our company's decision on how we would
8 want to structure that agreement, whether we want to do a
9 standard roaming agreement or whether we would need other
10 language in place to cover ourselves because we are going
11 to have to come back to the Commission and state that,
12 yes, that's covered.

13 Q. You've negotiated roaming agreements in
14 your --

15 A. I have.

16 Q. -- past, haven't you?

17 A. Yes.

18 Q. Do they typically address all of these
19 specific requirements that the ETC, either the FCC or the
20 Missouri rules require?

21 A. Not all of them.

22 Q. And I would agree with you that you're
23 going to be on the hook as far as your representations and
24 warranties, if you will, to this Commission.

25 A. Correct.

1 Q. But as a practical matter, in order for you
2 to do that with a straight face, you're likely going to
3 have to make sure that whoever you contract with to serve
4 that area, you're going to want some assurances that they
5 cover your back side?

6 A. I think it would be prudent.

7 Q. But to date you don't know if they've --

8 A. No, I do not.

9 Q. -- those agreements have been executed?

10 A. That's correct.

11 Q. Okay. Would that be the same for Bethel,
12 that you don't know if there's been any roaming agreements
13 executed?

14 A. That's correct.

15 Q. Okay.

16 A. And realize, too, if we had a customer that
17 was in, let's say, the northern portion of Winigan who
18 wanted service, there might not be a carrier there. Of
19 course, in that instance, if there's no one to roam on,
20 that would be one of those instances where we would have
21 to report back to the Commission during our process, our
22 annual certification. In the new rules, it does require
23 that if we cannot serve a customer we have to explain why
24 we cannot serve that customer, and that would, of course,
25 be one that we would pass on to the Commission to let them

1 know the reasoning why.

2 Q. Okay. I have some other questions
3 regarding the amount of -- anticipated amount of USF
4 support, but based on an answer I think you gave to
5 Mr. Haas, I'm not sure you may be able to answer that.
6 But let me ask you, did you calculate the estimated amount
7 of USF support for MO 5?

8 A. Yes, I did.

9 Q. Okay. Well, if you did, then, do you know,
10 what's -- I think the million five number that's in your
11 testimony is public; is that right?

12 A. Correct.

13 Q. If it isn't, it is now, I guess.

14 A. That's right.

15 Q. I feel pretty confident.

16 A. I'm almost sure it is. It's in the
17 application.

18 Q. But the other number that's been in some
19 schedules attached to either Mr. Simon -- I think it's
20 Mr. Simon's testimony -- is not public, and it's a
21 different number. Can you tell me -- and if we're going
22 to get into highly confidential, we'll postpone it. Can
23 you tell me what the right number is?

24 A. The right number is 1.5, which I believe if
25 you look in -- I think when we were talking -- when

1 Spectra was talking, they had mentioned that they were
2 looking at the wrong exhibit. I believe that this was the
3 same case, that they are looking at the wrong exhibit. I
4 think if you look at the revised Appendix M, it does have
5 the correct amount on there. It is the 1.5 on there.

6 Q. Okay.

7 A. And it is not the other number that is in
8 the highly confidential document.

9 Q. And I know that in the Northwest Missouri
10 Cellular case, you were also responsible for calculating
11 that anticipated USF amount?

12 A. That's correct.

13 Q. And had some work papers to support that
14 calculation?

15 A. That's correct.

16 Q. And I have not asked for them in this case,
17 but I wanted to ask some specific questions which I
18 believe would be highly confidential with respect to the
19 Northeast Missouri and Mark Twain areas.

20 A. Okay.

21 Q. Before we even -- do you have that
22 underlying information that could give me the specifics?

23 A. No, I do not, not with me.

24 Q. Okay. So, for example, you couldn't tell
25 me how many customers you have in the Winigan exchange, if

1 you will, that would qualify for USF support?

2 A. I do not have that document with me.

3 Q. Okay. Then we may not need to go into
4 in-camera, since -- you don't happen to know what the per
5 subscriber draw is for Mark Twain or Northeast?

6 A. Not without looking at that document, I
7 don't, and I don't believe that was anything requested
8 that we --

9 Q. No.

10 A. Okay.

11 MR. ENGLAND: My oversight in this case. I
12 neglected to ask for it. I think that concludes my
13 questions. Thank you.

14 JUDGE DIPPELL: Is there cross-examination
15 from AT&T?

16 CROSS-EXAMINATION BY MR. GRYZMALA:

17 Q. Good morning, Ms. Zentgraf.

18 A. Good morning.

19 Q. I just have a couple of questions of you.
20 Mr. Dandino and Haas have covered some of the material I
21 planned to cover, but I just have a couple additional
22 items.

23 With regard to Mr. Dandino's questioning, I
24 believe you told him that there can be multiple wireless
25 carriers in a given market. Do you recall that response?

1 A. Correct.

2 Q. And if I was writing correctly, I believe
3 you told Mr. Haas that eight licenses had been issued to
4 wireless carriers, two of the cellular variety, six of PCS
5 variety, for the same area for which MO 5 seeks ETC
6 status; is that correct?

7 A. Across the U.S., that's standard that there
8 were two and six licenses, that's correct.

9 Q. And I believe you also told Mr. Haas that,
10 to your knowledge, there are five wireless carriers
11 operating in the MO 5 ETC requested area?

12 A. I believe that's the number.

13 Q. When you use the term operating, you mean
14 to suggest they're actually providing service, do you not?

15 A. Yes.

16 Q. Okay. Thank you. At page 25 of your
17 direct testimony, Ms. Zentgraf, you refer to the FCC's
18 Nextel order. That's the short version of the full title,
19 but you're familiar with the Nextel order, are you not?

20 A. Yes.

21 Q. That order was released in August of 2004,
22 correct?

23 A. Correct.

24 Q. And you discussed that order in connection
25 with advancing the point that the value of enhancing

1 competition is directly relevant to the public interest
2 analysis; is that correct?

3 A. Yes.

4 Q. Are you aware that in the FCC's later
5 order, the March 2005 ETC Designation Order, that the FCC
6 concluded that the value of increased competition by
7 itself is unlikely to satisfy the public interest test?

8 A. Yes, I do.

9 Q. And are you aware of any FCC order issued
10 after the ETC Designation Order which holds otherwise?

11 A. No, I am not -- I do not.

12 Q. Thank you. Finally, I believe you told
13 Mr. Haas that you couldn't quite recall whether the FCC's
14 ETC Designation Order requires that an ETC applicant prove
15 up that the public interest would be served regardless of
16 whether the ETC area sought is that of a rural carrier or
17 a non-rural carrier. Do you recall having said that, you
18 couldn't quite recall that order?

19 A. Yes.

20 Q. I want to ask you to assume -- just a
21 moment. I want to ask you to assume that the FCC's ETC
22 Designation Order at paragraph 42 stated that, we find
23 that before designating an ETC, we must make an
24 affirmative determination that such designation is in the
25 public interest regardless of whether the Applicant seeks

1 designation in an area served by a rural or non-rural
2 carrier. Would you assume that, please?

3 A. Yes.

4 Q. And I want you also to assume that the
5 Commission's new ETC rule at subsection 2(a)(5) states
6 that applications for designation as an ETC states that
7 each request for ETC designation shall include a
8 demonstration that the Commission's grant of the
9 applicant's request for ETC designation would be
10 consistent with the public interest, convenience and
11 necessity. Would you assume that?

12 A. Yes.

13 Q. With those two assumptions in mind, I want
14 to direct your attention to page 6. I believe you were
15 taken there by Mr. Haas. I want to take you back there
16 again just for one moment, at lines 11 through 13. And
17 would you agree that that statement, in view of the two
18 assumptions that I asked you to make, would have to be
19 altered to account for those two assumptions?

20 A. Yes.

21 MR. GRYZMALA: Give me just one moment.
22 Okay. That is all I have. Thank you.

23 JUDGE DIPPELL: All right. Commissioner
24 Appling, do you have any questions for this witness?

25 COMMISSIONER APPLING: I think I have one

1 question, Judge.

2 QUESTIONS BY COMMISSIONER APPLING:

3 Q. Good morning, Kathryn.

4 A. Good morning.

5 Q. How you doing today?

6 A. I'm doing wonderful.

7 Q. All these guys, again, as I see your face,
8 are saying not to let you in the gate, right? But do you
9 have anything that has slipped by this morning that you
10 would like to add to that that I could consider in
11 approving or disapproving MO 5's request for the
12 application? Is there anything else that you can think of
13 that you haven't said or haven't said in your testimony
14 that can be addressed at this time that would be helpful
15 to me?

16 A. I would have a few things. One, I know
17 that we were just discussing competition, that competition
18 alone is -- you know, we can't have that as the basis for
19 ETC. And it isn't just the basis that we're looking at.
20 You have the safety factor involved, because people are
21 traveling, they have the ability to use their phones for
22 emergency situations. You have the customer allowing them
23 to make a choice. Today they don't have a choice,
24 especially when it concerns Lifeline and Linkup customers.

25 Once we get to intermodal porting without

1 the ability to have ETC status, we're not going to be able
2 to give the discounts to provide those Lifeline and Linkup
3 plans. So in that instance, you're going to have
4 customers that are not going to have the ability to make a
5 choice to go to wireless because they can't afford to do
6 so. I think that's a problem. So I think there -- it's
7 not just the competition. There's a lot more involved
8 there.

9 I know that there was also a lot of
10 questions on the quality of service and the billing.
11 We've agreed -- which I told Mr. Dandino, we've agreed to
12 the CTIA. We have to do the CPNI rules for the FCC, and
13 we've got this brand-new order that has just come out from
14 the Commission that to me seems very inclusive.

15 It is -- there's certification processes
16 that we have to go through. We've agreed to meet all of
17 the requirements to continue our certification process. I
18 mean, there's a lot of information in there that we're
19 going to have to provide the Commission every year to
20 recertify us as ETC eligible.

21 Not the telephone companies. The telephone
22 companies don't have to do that. They get to sign a piece
23 of paper that says I use my USF dollars correctly, and
24 that's it. We're going to have to go through this, and
25 the competitive telephone companies will have to go

1 company providing services to some of the rural-most parts
2 of Missouri. And when you look at the 911 obligations
3 alone that are imposed on these carriers, they're saying
4 that they don't have any -- we don't have any holes in our
5 market. Gosh, look, you guys have great coverage. Well,
6 Chariton Valley doesn't have the ability today to do Phase
7 2 911 because we don't have enough towers.

8 To be able to do Phase 2 911 you have to be
9 able to triangulate off of towers so I can get your exact
10 location when you call and press 911. We don't have that
11 ability today, and that's a requirement on a small
12 company. And we're going to have to build towers to be
13 able to do so in these rural-most parts of the country
14 that we don't have the ability to do, and these dollars
15 are going to be spent in Missouri to do that.

16 Q. It seems as though your points are
17 interested in two things. Well, three or four things.
18 But anyway, the two that struck me this morning was the
19 public interest, and that you're not meeting the standards
20 of this Commission's rules. How do you speak to that?

21 A. The -- I think we went across this last
22 time with Northwest. I don't know if we've just not said
23 the exact right words that they're looking for. I know
24 that there was some concerns, well, are you going to
25 continue with Lifeline plans? I think it would be hard

1 pressed for us to come to the Commission to get ETC
2 eligibility, we say here's our Lifeline plan, you award us
3 ETC designation, in a week we get rid of it.

4 I mean, we're going to have to continue
5 these plans forward. There's an annual certification
6 process that we're going to have to come before you every
7 year to provide you service. Would you give us the money
8 after that? No. We're not going to have the eligibility.
9 We have to show you where we're going to spend those
10 dollars.

11 I don't know if it's wording, if the
12 wordsmithing wasn't exactly what they were looking for,
13 but Jim Simon's testimony states that we agree to every
14 rule that is in that new order. We will agree to provide
15 the reports needed and we will agree to show you where
16 we're going to spend the money, and we agree to
17 everything. So that piece of it, I can't answer.

18 Q. There's been kind of a concern out there
19 that the wireless companies like MO 5 kind of want to have
20 one foot in the boat and one on land. You know, you want
21 the benefits of it, but you don't want to have to address
22 the issue with the Public Service Commission here in Jeff
23 City. Is that -- am I on track here with that or not?

24 A. Actually, you're not. I'm sure that if we
25 took a survey of all the telephone companies and said,

1 okay, the FCC is not going to require the states to
2 regulate you, but we would like you all to sign up and be
3 regulated by the State, I'd be curious how many of them
4 would say, oh, we'll be right down.

5 You have put restrictions on us. You have
6 told us, for the customers' protection, this is what we
7 want out of you, this is what we expect. If part 32 and
8 33 were really important, why didn't it get in the Order
9 in the first place? I don't know. I wasn't involved in
10 that process. But I would have thought that if that was
11 an issue that was important enough, that those issues
12 would have been brought in.

13 Some issues there are not going to be the
14 same because they're different technologies. But we've
15 agreed to provide and we've agreed to adhere to all the
16 rules that you've put upon us, and now it's like, well,
17 just because you agree to those, why didn't you agree to
18 these other ones that we didn't include? I just don't
19 think that's an overly fair assessment.

20 COMMISSIONER APPLING: Kathryn, thank you.
21 Judge, that's all the questions I have.

22 THE WITNESS: Thank you.

23 JUDGE DIPPELL: Thank you. Ms. Zentgraf,
24 I'm not certain if there are other Commission questions
25 for you, so after we're finished, I'll ask if you'll

1 remain.

2 THE WITNESS: I'm not going anywhere.

3 JUDGE DIPPELL: Okay. Is there any further
4 cross-examination based on the Commission's questions?
5 From Public Counsel?

6 MR. DANDINO: Yes, your Honor.

7 RE-CROSS-EXAMINATION BY MR. DANDINO:

8 Q. Ms. Zentgraf, if I understood your response
9 to Commissioner Appling, you're saying that Chapter 32 and
10 Chapter 33 rules do not apply?

11 A. I don't know if I can say that they don't
12 apply. It is -- if there are portions in those rules that
13 stipulate that a wireless carrier has to adhere to, yes,
14 of course we're going to comply. If you've taken parts of
15 Part 32 and 33 and you've imposed them in the new order of
16 rulemaking that's due on June 30th, of course we're going
17 to comply.

18 Is there something specific in there that
19 you're looking for that says, you know what, we left this
20 out, it's not in CTIA, it's not in the FCC CPNI rules and
21 it's not in our order, are you going to comply? What is
22 it? Which one of those issues is in there that somebody's
23 concerned about?

24 Because realize we're in a different
25 environment than the telephone company. We're

1 competitive. So if -- if folks don't like us, they pack
2 up and leave. We have to earn -- they have a choice,
3 unfortunately, when it comes to us, and I think that's why
4 a lot of the Part 32 and 33 rules were put into place,
5 because, you know what, if I don't like my landline
6 company, what am I going to do?

7 Q. So you're saying most of Chapter 32 and 33
8 don't apply to competitive companies? That's essentially
9 what you come down to.

10 A. It's not a matter whether they -- they
11 apply. I think that it has to do with, is there something
12 specific in there, is there an actual rule that you're
13 looking at and saying, we're really concerned that you're
14 not going to meet this rule right here?

15 Q. Well, I believe, and you tell me if I'm
16 wrong, that you said if Chapter 32 and Chapter 33 are not
17 in the Order, they should have been stated in the Order if
18 they were important enough.

19 A. If they were -- if that has been the
20 biggest concern. Because when we got our -- when we put
21 our application together, we were asked, we know that the
22 order, this rulemaking is not in process yet, but we want
23 you to adhere to it and we want you to agree to it now.
24 So we said, okay, we would. But then now we're coming
25 back and saying, oh, but what about Chapters 32 and 33?

1 Can I tell you that I know those front and back and
2 forwards and up and down? I don't, because they've been
3 telephone rules.

4 Q. So in your opinion, Chapter 32 and 33, it
5 would be unreasonable for this Commission to apply those
6 to a wireless ETC?

7 A. I can't -- I can't make that statement.
8 That might be -- they may sit back and look and say, if it
9 is a -- if it's technically feasible, if there's no -- if
10 there's no technology issues and the Commission comes back
11 and says, we'll approve but you've got to agree to this,
12 then we will have to.

13 Q. Excuse me. If the Commission determines
14 that it's in the public interest for Chapter 32 and 33 to
15 apply in addition to whatever the ETC rule states, that
16 would be a legitimate and reasonable requirement of this
17 Commission?

18 A. Based on their decision, I would say that
19 it's up to them to decide that, yes, they feel that that's
20 important enough that we're going to add this in and it's
21 going to be a requirement, and if you want ETC
22 designation, you're going to have to live with it, if it's
23 possible for us to live with it. And I don't know all of
24 part 32 and 33.

25 Q. You say if possible to live with it. Is

1 that technically or --

2 A. Technically, yes. If there's -- there may
3 be a technical issue on the wireline side that is in 32/33
4 that either doesn't pertain or it isn't even feasible on a
5 wireless side for us to adhere to. Then in that case I
6 would think they would say, you know, because you don't
7 have wires going from the customer's premise back to us,
8 we can't expect you to adhere to this.

9 Q. Do you think it is unreasonable to say that
10 wireline -- ETC carriers should provide equal benefits,
11 equal rights to the wireline and wireless customers they
12 serve?

13 A. You know, I find that interesting. I do
14 think it should be equal, and I was surprised that the
15 Order of Rulemaking completely took out the LECs out of
16 their new rule. The competitive local exchange carrier --

17 Q. That wasn't the question necessarily.

18 A. But that's -- but that's kind of where I
19 am. Do I agree? Yes. Because that's what I was looking
20 at. There were not all -- even if we agree to other
21 things, we're not on a competitive playing field.

22 Q. So your answer is yes now?

23 A. Do I think that we should all be on an
24 equal playing field? I think it would be a good thing if
25 we're all -- they're not going to be able to meet certain

1 wireless issues that you might impose on me because I am a
2 wireless carrier. Telephone side may not be able to do
3 that as well.

4 So where it's technically not possible, you
5 can't ask, because of technology, a company to adhere to
6 something that it technically can't do. But if it's
7 providing a budget that shows you how we spent our USF
8 dollars, sure, I think we should show you.

9 Q. Also, I believe in response to Commissioner
10 Appling's question, you talked about that you have to
11 approve all your expenses, but the ILEC, all they have to
12 do is sign a piece of paper and that's all they get. Do
13 you think that in terms of recent experience with Cass
14 County Telephone Company, that this Commission is just
15 going to accept that as a basis for certification of USF
16 funds?

17 A. I can't tell you whether they can actually
18 change and say, from now on, because of Cass Telephone, we
19 want to see every dollar you receive and we want to see
20 where all those dollars were spent. I'll be very honest
21 with you, I don't know if this state has the ability or
22 does on the telephone side. I can't honestly answer that.

23 Q. But it's certainly going to be more than
24 signing a piece of paper as the Commission's review.
25 They're not going to accept that on its face, are they?

1 A. I can't answer that. I think you're going
2 to have to ask the Commissioners. I wouldn't think I
3 would, but that's my opinion.

4 Q. It probably wouldn't be very reasonable and
5 very prudent to do so?

6 A. I wouldn't think so.

7 MR. DANDINO: Okay. That's all I have,
8 your Honor. Thank you.

9 JUDGE DIPPELL: Is there any further cross
10 based on Commissioner Appling's questions from Staff?

11 MR. HAAS: Yes, your Honor.

12 RE-CROSS-EXAMINATION MR. HAAS:

13 Q. Ms. Zentgraf, could MO 5 apply to receive
14 ETC designation for low-income support without applying to
15 receive ETC designation for high-cost support?

16 A. I don't know.

17 Q. All right. In response to a question from
18 Commissioner Appling, you said that MO 5 doesn't have
19 enough towers to do E911?

20 A. Phase 2.

21 Q. Phase 2?

22 A. Yes.

23 Q. All right. In direct testimony of James
24 Simon at page 4, he states that MO 5 is working with Macon
25 County, Shelby County and Chariton County PSAPs with

1 respect to Phase 2 E911 services. How does that statement
2 in his testimony comport with yours?

3 A. We are working with providing that. You
4 have to realize that the FCC has given specific location
5 requirements for accuracy, and today, with the amount of
6 accuracy that we have, we do not have enough towers to
7 meet the accuracy requirements required by the FCC.

8 We're working with those counties to get
9 Phase 2 so they can have location-based so that when you
10 push the send button, it will say you are wherever you're
11 located, but we do not have the accuracy required for
12 Phase 2.

13 Q. Was it anywhere in your prefiled testimony
14 that MO 5 did not have enough towers to do the Phase 2
15 E911?

16 A. We can do Phase 2 E911. We can't meet the
17 accuracy requirements. Does that make sense? You have to
18 meet specific accuracy requirements a specific amount of
19 time to meet the FCC guidelines. You can provide Phase 2
20 service, but that doesn't mean that the pinpoint location
21 is to where it needs to be.

22 MR. HAAS: That's all my questions.

23 JUDGE DIPPELL: Anything further from
24 CenturyTel?

25 MR. STEWART: Just perhaps a clarification.

1 RE-CROSS-EXAMINATION BY MR. STEWART:

2 Q. I understand in response to Commissioner
3 Applying you mentioned the criticisms that the other people
4 in the room had made. Where would they have made those
5 criticisms? Would that have been in their rebuttal
6 testimony?

7 A. Criticism, it's a matter that I don't
8 believe that there is -- I don't know what would need to
9 be done so that Spectra or the small group would say, hey,
10 we're ready, we want you to be it. There's -- you know,
11 to come back and say, well, you didn't provide a
12 comparable Lifeline plan or a Linkup plan, well, we've got
13 unlimited airtime, we've got a larger expanded calling
14 scope, and then you're looking at what, maybe there is a
15 variance of 15 cents. I don't know if that's fair.

16 Q. Well, fairness aside, the question was,
17 where would we have -- under what procedure would all of
18 us in the room have presented our objections to MO 5's
19 application? Would it have been in our rebuttal
20 testimony, our prefiled rebuttal testimony?

21 A. Your objections?

22 Q. Yeah, our view of your filing where we
23 would criticize or point out areas where we had concerns.
24 Where would we have done that?

25 A. Where you did.

1 Q. In the rebuttal testimony?

2 A. Sure.

3 Q. Have you reviewed the rebuttal testimony
4 filed by the parties?

5 A. I have.

6 Q. Have you reviewed the supplemental rebuttal
7 testimony filed by the parties?

8 A. I have.

9 Q. And were you given an opportunity to file
10 surrebuttal testimony?

11 A. Yes, we were.

12 Q. But you did not personally file any
13 surrebuttal?

14 A. No, I did not.

15 MR. STEWART: That's all I have.

16 JUDGE DIPPELL: Anything from the small
17 ILECs?

18 MR. ENGLAND: Yes, your Honor. Thank you.

19 RE-CROSS-EXAMINATION BY MR. ENGLAND:

20 Q. Ms. Zentgraf, I want to ask you maybe a
21 hypothetical. If all five wireless carriers that provide
22 service or at least have licenses to provide service in
23 your area qualify for ETC status under the Commission
24 rules, is it your opinion all five ought to receive USF
25 funds?

1 A. I don't know that that's a decision for me
2 to make. I mean, someone's eventually going to have to
3 make a decision on that. I don't know if that's in any of
4 the orders that I've seen, if there's anything out there
5 that states that there can only be one wireless carrier or
6 one competitive local exchange carrier. I don't know if
7 there's anything out there that would state that.

8 Do I think that maybe somebody needs to
9 look and address it? Well, I think at some point in time
10 someone's going to have to.

11 Q. That kind of gets to my next question. Is
12 it possible that in applying a public interest test, a
13 Commission such as Missouri may determine that it's, at
14 least for rural areas, maybe appropriate only to award two
15 ETC designations for a particular area?

16 A. I think that's going to have to be a
17 decision that they're -- either they're going to have to
18 make or someone's eventually going to have to make. But,
19 you know, that's probably along with the same lines of, do
20 we continue with the USF fund working in the same manner
21 that it's working today.

22 Q. Well, let's take the way things are today
23 and let me ask you this question: Assuming all of the
24 five licensees in this area are able to meet the
25 Commission rule requirements for ETC designation, but

1 assume that the Commission is going to make a
2 determination that for public interest purposes it's only
3 going to allow two designated ETCs in an area, knowing
4 that the first is going to be the ILEC, likely, and that
5 there will be one wireless or competitive ETC after that.
6 What distinguishes your company, MO 5, from your
7 competitors that would or should convince the Commission
8 to award it to you as opposed to U.S. Cellular or someone
9 else?

10 A. Well, first off, we are a wholly -- we are
11 wholly comprised in Missouri. We don't serve Iowa or
12 Kansas or any other state. All of our licensed area is
13 located directly within Missouri. There's no question
14 where the dollars are going to be spent. We can't spend
15 them anywhere outside the state because we don't have any
16 licenses outside the state. We live and work in our same
17 communities, and we want to provide service to those
18 people that we actually live in the same communities with.

19 Q. Anything else?

20 A. No.

21 Q. Let me follow up on the Phase 2 questions
22 here, E911 Phase 2. If I understand it correctly, you
23 don't have sufficient towers in place to meet the accuracy
24 requirements of the E911 Phase 2 requirements?

25 A. Correct.

1 Q. But if I read yours or someone else's
2 testimony on behalf of MO 5 accurately, you probably have
3 the most towers of any wireless carrier in this licensed
4 area, right?

5 A. Correct.

6 Q. Would it be fair to say, then, if you can't
7 provide or meet accuracy requirements for E911 Phase 2,
8 that none of the other licensees can?

9 A. Well, that's a fair assumption. The
10 problem is when the FCC's orders went through, the large
11 regional carriers are treated differently because they can
12 actually take their licensed areas in St. Louis and Kansas
13 City and they can take their accuracy in those areas and
14 as long as -- because of the geographic area in which they
15 serve, as long as they can meet the accuracy requirements
16 there, it moots the issues in the rural areas.

17 So unfortunately, they're not held to quite
18 the same standards as the small stand-alone rural carrier.
19 So the Cingulars, the T-Mobiles, the Sprints, they utilize
20 their metropolitan areas and they don't have to meet the
21 accuracy requirements in their rural markets, but they
22 still are within compliance.

23 Q. So I think what you're telling me is that
24 they could be in compliance with Phase 2 accuracy
25 standards, but in the rural areas, such as your area, they

1 can't provide any better accuracy than you can and maybe
2 worse?

3 A. Correct.

4 Q. Would that be another distinguishing
5 feature --

6 A. Yes, it would.

7 Q. -- for ETC?

8 MR. ENGLAND: Thank you.

9 JUDGE DIPPELL: Any recross-examination
10 from AT&T?

11 RE CROSS-EXAMINATION BY MR. GRYZMALA:

12 Q. Very briefly, Ms. Zentgraf. I thought I
13 heard you enunciate a theme here that the Commission
14 should be mindful of applying its rule requirements, but
15 that it ought not wade into policy territory, including
16 but not limited to implications of -- upon the
17 sustainability of funds were it to grant this application.
18 Is that a fair characterization of what you said?

19 A. I said that only in the context of this
20 hearing. Do I think they need to go in the policy
21 requirements? That's great. I just don't know if it's
22 the right forum for determining if we are qualified to be
23 an ETC, because that's what our application is, is to
24 designate us as an ETC. I don't know if that truly should
25 be coupled with the fact of policy requirements of how the

1 USF fund should be administered.

2 Q. But isn't it a fact that the
3 Telecommunications Act delegates to the states in most
4 regards the authority to determine whether an ETC
5 application ought to be granted in the state?

6 A. I'm not arguing that, no.

7 Q. Okay.

8 A. Yes.

9 Q. You agree with that?

10 A. Yes.

11 Q. So would it also be fair to state that,
12 given the multiplicity of states in the nation, that
13 collectively these decisions are going to have an impact,
14 maybe not in this particular case in this particular
15 state. As a collective matter all the decisions by the
16 state commissions on each of the ETCs brought before it
17 are going to have a collective cumulative impact on the
18 fund, its sustainability and its long-term growth; isn't
19 that correct?

20 A. I would definitely agree.

21 Q. And in fact, the FCC has said that, hasn't
22 it?

23 A. Sure.

24 MR. GRYZMALA: Thank you. That's all I
25 have.

1 JUDGE DIPPELL: Is there any redirect?

2 MR. DeFORD: Just a few, your Honor.

3 Thanks.

4 REDIRECT EXAMINATION BY MR. DeFORD:

5 Q. Ms. Zentgraf, do you recall an exchange you
6 had with Mr. Dandino where you discussed interconnection
7 agreements and expanded calling scopes?

8 A. Yes.

9 Q. Does MO 5 have the ability to control the
10 charges an ILEC imposes on its customers?

11 A. No.

12 Q. Does the fact that it has or has not an
13 interconnection agreement with the ILEC change that
14 ability to control those charges?

15 A. No.

16 Q. You also had a discussion, I believe, with
17 Mr. Haas about Appendix M, and I believe that you
18 indicated you could explain the discrepancy between the
19 number that he referenced you in that and the number that
20 was in your direct testimony?

21 A. Correct.

22 Q. Do you know why that's true?

23 A. I believe he was looking at the non-revised
24 Appendix M, which the revised Appendix M shows the correct
25 amount of USF, and then the budgetary dollars which we did

1 adjust, which are higher than the actual amount of USF,
2 because of course, we've got more projects than -- we've
3 got tons of projects that we can actually spend those
4 dollars on. So that's why those dollars are actually
5 higher because I know it was of a concern as well that we
6 weren't spending what they felt was all the money.

7 Q. So revised Appendix M is consistent with
8 your direct testimony and it does demonstrate that MO 5
9 will spend at least, if not more than, the amount that it
10 would receive from the fund --

11 A. Correct.

12 Q. -- on an annual basis?

13 A. Correct.

14 Q. I believe Mr. Stewart asked you some
15 questions about the rebuttal testimony. Could you just
16 explain briefly why you didn't file surrebuttal?

17 A. Because we had felt that we had presented
18 the answers to the questions that were of concern
19 concerning the requirements of the order and felt that
20 responding to their surrebuttal testimony wasn't going to
21 do us any -- we had already explained it once and it
22 seemed not to have been read, so why explain it again?

23 Q. So there was nothing relevant you felt
24 needed to be addressed?

25 A. No.

1 MR. DeFORD: Other than that, I think I
2 would just thank Mr. England for asking my Phase 2 E911
3 questions, and I have nothing further.

4 JUDGE DIPPELL: Okay.

5 MR. DeFORD: I'm not sure why he did it,
6 but --

7 JUDGE DIPPELL: All right. Ms. Zentgraf, I
8 don't believe there are any further Commission questions
9 for you, so you may actually be excused. Let's go ahead
10 and go to our next witness.

11 MR. DeFORD: Call James Simon.

12 (Witness sworn.)

13 JUDGE DIPPELL: Thank you. Go ahead,
14 Mr. DeFord.

15 JAMES SIMON testified as follows:

16 DIRECT EXAMINATION MR. DeFORD:

17 Q. Please state your name for the record.

18 A. James A. Simon.

19 Q. Would you spell your last name for the
20 reporter, please.

21 A. S-i-m-o-n.

22 Q. Mr. Simon, by whom are you employed and in
23 what capacity?

24 A. Chariton Valley Services Corporation as
25 general manager.

1 Q. And have you caused to be prepared and
2 filed in this case direct testimony, supplemental direct
3 testimony and surrebuttal testimony?

4 A. Yes.

5 Q. Which have been, I believe, marked for
6 identification respectively as Exhibits 2, 3, 4?

7 A. Yes.

8 Q. Do you have any corrections that you would
9 like to make to that testimony at this time?

10 A. Yes, I do. In the direct testimony, on
11 page 1, line 8, the correct address is 1213 East Briggs
12 Drive, Macon, Missouri.

13 Q. Would you go to your next correction?

14 A. That would be Appendix K to the same direct
15 testimony.

16 Q. What is that change?

17 A. In the fourth column where it shows the SBC
18 flat rate Group A rates, the FCC line charge is incorrect
19 in Appendix K. Instead of \$6.50, it should be 5.25, and
20 the total in that column would then be \$13.60. And then
21 the next --

22 JUDGE DIPPELL: Let me interrupt just a
23 second. That was Appendix A to --

24 THE WITNESS: K.

25 JUDGE DIPPELL: Oh, K. I'm sorry.

1 THE WITNESS: K.

2 JUDGE DIPPELL: All right. Go ahead. I'm
3 sorry.

4 THE WITNESS: In the next column, SBC flat
5 rate Group B, again the FCC line charge is incorrect at
6 \$6.50. The correct rate is \$5.25. And the total for that
7 column should be 15.49.

8 And then on page 1 of the supplemental
9 direct testimony, again on line 8, the address is
10 incorrect. It's 1213 East Briggs Drive, Macon, Missouri.

11 And on page 11 of the supplemental direct,
12 line 19 states that MO 5 will offer discounts of
13 50 percent off of the \$35 activation fee. That's
14 incorrect. The activation fee is \$50.

15 JUDGE DIPPELL: I'm sorry. What page was
16 that?

17 THE WITNESS: Page 11 of the supplemental.

18 BY MR. DeFORD:

19 Q. Mr. Simon, do you have any other
20 corrections?

21 A. One last one. On page 12 of the
22 supplemental direct testimony, line 16 states, as I stated
23 in my direct testimony, MO 5 has already adopted the
24 CTIA consumer code for wireless service. That is not
25 correct. It should state the same as the direct

1 testimony, which says that MO 5 will fully adopt the
2 CTIA consumer code for wireless service.

3 JUDGE DIPPELL: Tell me the page on that
4 one one more time.

5 THE WITNESS: That was page 12, line 16.

6 BY MR. DeFORD:

7 Q. Mr. Simon, with those changes, if I were to
8 ask you the same questions set forth in your prepared
9 testimony here today, would your answers be the same or
10 substantially the same?

11 A. Yes.

12 Q. And would those answers be true and correct
13 to the best of your information and belief?

14 A. Yes.

15 MR. DeFORD: Your Honor, with that I would
16 offer Exhibits 2, 3 and 4 and tender Mr. Simon for cross.

17 JUDGE DIPPELL: Okay. Would there be any
18 objection to Exhibit No. 2, and that's both the
19 nonproprietary and the HC version?

20 (No response.)

21 JUDGE DIPPELL: Seeing none, I will admit
22 that into evidence.

23 (EXHIBIT NOS. 2NP AND 2HC WERE RECEIVED
24 INTO EVIDENCE.)

25 JUDGE DIPPELL: Is there any objection to

1 Exhibit No. 3, both the NP and HC versions?

2 (No response.)

3 JUDGE DIPPELL: Seeing none. I will admit
4 that into evidence.

5 (EXHIBIT NOS. 3NP AND 3HC WERE RECEIVED
6 INTO EVIDENCE.)

7 JUDGE DIPPELL: And is there any objection
8 to -- that also included Exhibit No. 4, correct? Any
9 objection to Exhibit No. 4, both the NP and HC versions?

10 (No response.)

11 JUDGE DIPPELL: Seeing none, I will also
12 admit that into evidence.

13 (EXHIBIT NOS. 4NP AND 4HC WERE RECEIVED
14 INTO EVIDENCE.)

15 JUDGE DIPPELL: All right. Let's go ahead
16 then with cross-examination. Is there any
17 cross-examination by Public Counsel?

18 MR. DANDINO: Before I start
19 cross-examination, your Honor, may I have some documents
20 marked?

21 JUDGE DIPPELL: Certainly. We are to
22 Exhibit No. 16.

23 MR. DANDINO: Your Honor, since these are
24 all rules of the Public Service Commission, should we make
25 them all one exhibit?

1 JUDGE DIPPELL: That will be fine.

2 MR. DANDINO: That might be easier.

3 (EXHIBIT NO. 16 WAS MARKED FOR
4 IDENTIFICATION BY THE REPORTER.)

5 JUDGE DIPPELL: Can you identify this,
6 Mr. Dandino?

7 MR. DANDINO: It's all of Chapter 33. It
8 is Rule 4 CSR 240-32.080, 4 CSR 240.32.070 and
9 4 CSR 240-32.050. Really, I'm asking the Commission to
10 take official notice of their own rules, but for purposes
11 of the record, I'm offering them as exhibits in case this
12 case may reach a court.

13 JUDGE DIPPELL: Would there be any
14 objection to the Commission taking official notice of
15 Chapter 33 and Rules 32.080, 32.070 and 32.050?

16 (No response.)

17 JUDGE DIPPELL: Seeing no objection, the
18 Commission will take official notice of those documents
19 and its rules.

20 You can go ahead when you're ready,
21 Mr. Dandino.

22 MR. DANDINO: Thank you, your Honor. Thank
23 you all the parties and Commission for its patience, and
24 Mr. Simon.

25 CROSS-EXAMINATION BY MR. DANDINO:

1 Q. Mr. Simon, good morning.

2 A. Good morning.

3 Q. First I wanted to ask a question that
4 Ms. Zentgraf said I should pose to you, is what companies
5 have you entered into an interconnection agreement within
6 the proposed service area?

7 A. Other wireline -- with wireline companies,
8 we have agreements with Chariton Valley Telephone and
9 Chariton Valley Telecom between MO 5 and those two
10 companies, to pass local calls.

11 JUDGE DIPPELL: Mr. Simon, can I get you to
12 speak into your mic?

13 THE WITNESS: Certainly. I apologize. Do
14 you want me to repeat my answer?

15 JUDGE DIPPELL: Go ahead.

16 THE WITNESS: Okay. Chariton Valley
17 Wireless or MO 5 has interconnection agreements with
18 Chariton Valley Telephone Company and Chariton Valley
19 Telecom Corporation.

20 BY MR. DANDINO:

21 Q. And do you have -- have you attempted to
22 negotiate interconnection agreements with any other
23 companies within that proposed service area?

24 A. We have. We do have some agreements in
25 place, I believe, with SBC and Sprint that haven't been

1 implemented. Services have not been implemented under
2 those agreements.

3 Q. When I said interconnection agreements, I
4 probably misspoke. It would be traffic termination.

5 A. TTAs, yes.

6 Q. So your answer is the same whether it's
7 interconnection agreements or traffic termination
8 agreements?

9 A. That's correct.

10 Q. And there's no other company such as
11 Spectra or CenturyTel or a member of the small telephone
12 company?

13 A. We have not approached those companies and
14 asked for TTAs at this time.

15 Q. And why is that, sir?

16 A. We have just chosen other methods to
17 terminate traffic into those exchanges using the
18 interexchange carrier network.

19 Q. Do you have traffic termination agreements
20 or interconnection agreements with any of the ILECs that
21 adjoin or abut your proposed service area?

22 A. Just the two that I mentioned.

23 Q. Which was Southwestern Bell and --

24 A. No. It's Chariton Valley Telephone and
25 Chariton Valley Telecom.

1 Q. Have you attempted to enter into such
2 agreements with any carrier ILEC that is out -- that
3 adjoins your proposed service territory?

4 A. That borders the MO 5 area?

5 Q. Yes.

6 A. No.

7 Q. Are there some companies there that --
8 there, though?

9 A. Yes. Uh-huh.

10 Q. How many are there?

11 A. I would have to look at Trip's map, but
12 there's a number of companies that border the MO 5
13 five-county service area.

14 Q. And the reason you haven't approached them
15 for those agreements?

16 A. So far we've found it economical to
17 terminate traffic outside of our service area using the
18 interexchange carrier network.

19 Q. Mr. Simon, I've handed to you --

20 MR. DANDINO: I'm sorry, your Honor, what
21 was the exhibit number?

22 JUDGE DIPPELL: 16.

23 BY MR. DANDINO:

24 Q. Exhibit No. 16. These are some of the
25 rules of the Commission, Chapter 33 and then parts of

1 Chapter 32, three rules from that. Have you ever seen
2 these rules before?

3 A. Yes.

4 Q. Did you review them prior to your filing
5 testimony?

6 A. I've looked at them numerous times in the
7 past.

8 Q. Well, just before you filed your testimony,
9 did you look at them?

10 A. Not just before we filed, no.

11 Q. Well, I mean, within a reasonable time, in
12 preparation -- was this something you looked at in
13 preparation of your testimony?

14 A. I can't specifically say that I looked at
15 it in preparation of testimony.

16 Q. Ms. Zentgraf said or testified that to her
17 knowledge there was no standards for what would be
18 considered adequate service for the wireless industry. Do
19 you -- is that the case, your best of your knowledge?

20 A. Yes, I don't believe there are standards
21 for the wireless industry.

22 Q. And that's even just what's adequate
23 service?

24 A. That's correct. I think the standard is
25 driven by the competition and the customers.

1 Q. So there's nowhere that there's a standard
2 you can look at what's -- even to define what's a quality
3 service?

4 A. Not that I'm aware of.

5 Q. So individual companies, they set
6 whatever -- whatever standard they want, and then you're
7 saying that competition weeds out the ones that do not
8 have appropriate standards?

9 A. Yes. I'm not aware of any particular place
10 you can go, whether it's a written document, website or
11 anything else, that says that calls need to be connected a
12 certain percentage of the time at certain levels, never
13 drop off, that sort of thing. The standard of service is
14 driven by the level of service the company chooses to
15 provide to sell services, sign up customers and retain
16 those customers, and if the level of service is poor,
17 you're not going to retain customers.

18 Q. That's really how it is in the competitive
19 world, right?

20 A. I think so, yes.

21 Q. When you're talking to a somewhat regulated
22 world, there's -- it's a different situation?

23 A. Absolutely.

24 Q. And you need service standards, quality
25 standards to protect consumers, don't you?

1 A. There are quality standards to protect the
2 consumer in the regulated world. In most cases we're
3 talking about an environment where the company may be a
4 monopoly, so regulation helps keep that level of service
5 where it should be under a monopolistic environment.

6 Q. And in Missouri, price cap companies are
7 also subject to these standards of performance, adequate
8 service, quality of service; is that correct?

9 A. I'm not that familiar with the price cap
10 rules, but I assume that they are.

11 Q. And competitive wireline companies, they're
12 still bound by the quality of service billing and
13 collection rules and customer service requirements?

14 A. That is correct.

15 Q. So here you have a competitive world, it's
16 still important to have these safeguards for the consumer?

17 A. I understand your point.

18 Q. Well, do you understand my point or is that
19 a correct statement?

20 A. Well, I understand your point, and I think
21 the only difference in the competitive market that we're
22 talking with a CLEC, you're looking at some type of a
23 wireline fiberoptic or connected network. With a wireless
24 provider, the quality of service is subject to a number of
25 factors, which may be the environment, the terrain.

1 There's just a number of factors involved in the type of
2 service that is inherent to its own characteristics.

3 So to impose the same standards on a
4 wireless service as on a wired service, while it may be
5 the objective, may not be physically possible to do
6 without numerous towers that would just totally blanket
7 the area.

8 Q. Well, let's go back to my question about
9 whether competitive -- just because it's a competitive
10 industry, whether it's wireline or wireless, the wireline
11 industry at least they're having quality of service,
12 having consumer protections, billing, collection, and in
13 the wireless, there are none, is that what you're telling
14 me?

15 A. Yes, I would agree with that.

16 Q. So just a competition -- just because a
17 company is a competitive company doesn't necessarily
18 excuse them from all customer service type of regulation,
19 does it?

20 A. No.

21 Q. When we're talking about competitive
22 companies, you had mentioned CLECs. There are some
23 Missouri ILECs that are competitive companies; isn't that
24 true?

25 A. Yes.

1 Q. And that's AT&T/Southwestern Bell; is that
2 right?

3 A. Yes.

4 Q. And some -- and CenturyTel has some
5 competitive exchanges; is that correct?

6 A. That's correct.

7 Q. And Sprint has some or Embarq has some
8 competitive exchanges?

9 A. I believe they do.

10 Q. But they're still bound by the rules,
11 Commission rules on service, customer service and other
12 consumer protections; is that right?

13 A. I'm sure they are.

14 Q. Ms. Zentgraf indicated that if the
15 Commission wanted to incorporate a specific part of
16 Chapter 32 or 33 in its ETC rules, it could
17 have -- it could have done so; is that right?

18 A. Yes.

19 Q. Do you agree with that statement?

20 A. Yes.

21 Q. Do you think that they were required to do
22 so, the Commission was required to do so?

23 A. I haven't given it a lot of thought whether
24 they're required to do so or not.

25 Q. Would it be -- can the Commission consider

1 within their examination or analysis of the public
2 interest their own rules regarding customer protection?

3 A. Yes.

4 Q. And they can look at their own rules and
5 consider the provisions of -- strike that.

6 And the Commission should also look at any
7 declaration in the statutes as to the legislative intent
8 behind any of their actions --

9 A. Yes.

10 Q. -- is that correct?

11 A. Uh-huh.

12 MR. DANDINO: That's all I have, your
13 Honor. Thank you, sir. Appreciate it.

14 JUDGE DIPPELL: Are there any questions
15 from Staff?

16 MR. HAAS: Yes, your Honor.

17 MR. DANDINO: Excuse me, your Honor. I
18 guess I should technically offer Exhibit 16, even though I
19 asked you to officially notice it, just to complete the
20 record.

21 JUDGE DIPPELL: I think the Commission
22 taking official notice of it is sufficient.

23 MR. DANDINO: Just wanted to complete the
24 record, since a court wouldn't necessarily take official
25 notice.

1 JUDGE DIPPELL: Okay. Is there any
2 objection to Exhibit No. 16?

3 (No response.)

4 JUDGE DIPPELL: Then it's received into
5 evidence.

6 (EXHIBIT NO. 16 WAS RECEIVED INTO
7 EVIDENCE.)

8 JUDGE DIPPELL: Staff?

9 MR. HAAS: Your Honor, I'd like to begin by
10 asking to have an exhibit marked.

11 JUDGE DIPPELL: All right. We're up to
12 Exhibit No. 17.

13 (EXHIBIT NO. 17 WAS MARKED FOR
14 IDENTIFICATION BY THE REPORTER.)

15 MR. HAAS: Your Honor, the exhibit that
16 I've asked to have marked is MO 5's answer to Staff Data
17 Requests.

18 JUDGE DIPPELL: And is that a particular
19 Data Request or is that all Data Requests?

20 MR. HAAS: It's Data Requests relating to
21 surrebuttal testimony.

22 JUDGE DIPPELL: I'm sorry. It's Data
23 Requests relating to?

24 MR. HAAS: Surrebuttal testimony.

25 JUDGE DIPPELL: All right.

1 CROSS-EXAMINATION BY MR. HAAS:

2 Q. God morning, Mr. Simon.

3 A. Good morning.

4 Q. I believe you stated that you were the
5 general manager of MO 5?

6 A. That's correct.

7 Q. And in that position, are you authorized to
8 make a commitment to this Commission on behalf of MO 5?

9 A. Yes.

10 Q. Paragraph 2(a)(8) of the Commission's new
11 ETC rule requires an ETC application to include a
12 statement that the carrier will satisfy consumer privacy
13 protection standards as provided in 47 CFR 64, subpart U.
14 Will you state that MO 5 will satisfy consumer privacy
15 protection standards as provided in 46 CFR 64, subpart U?

16 A. Yes, we will.

17 Q. Paragraph 2(a)(10) of the Commission's new
18 ETC rule requires an ETC application to include a
19 commitment to offer a local usage plan comparable to those
20 offered by the incumbent local exchange carrier in the
21 areas for which the customer seeks designation.

22 Will MO 5 commit to offer a local usage
23 plan comparable to those offered by the incumbent local
24 exchange carrier in the areas for which MO 5 seeks
25 designation?

1 A. Yes. We have listed those plans both in
2 the direct and supplemental testimony.

3 Q. And will you commit to continue providing
4 one of those comparable plans if granted ETC designation?

5 A. Well, as Ms. Zentgraf mentioned in previous
6 testimony, we certainly would commit to provide a
7 Lifeline/Linkup type of program to maintain ETC status.
8 Without it, I believe we lose that status. So I'm not --
9 if you're asking me to commit that we're going to have an
10 \$11 rate plan for now to the end of eternity, I'm
11 certainly not going to commit to that.

12 Q. No. In your testimony, I believe you have
13 said we are providing such a plan today. And my question
14 is, will you continue to provide such a plan if granted
15 ETC designation?

16 A. Absolutely.

17 Q. If MO 5 is granted ETC designation, what
18 level of USF support does MO 5 expect to receive?

19 A. Per the testimony, it's a million and a
20 half dollars, roughly.

21 Q. Would you please turn to highly
22 confidential Appendix M to your supplemental direct
23 testimony, and also to highly confidential revised
24 Appendix M to your surrebuttal testimony. Do you have
25 those?

1 A. Yes, I do.

2 Q. Those appendices show different amounts for
3 estimated USF support; is that correct?

4 A. Yes, they do.

5 Q. Please explain why these two exhibits show
6 different amounts.

7 A. I don't have an explanation for why the
8 Appendix M that's with the supplemental testimony, it's an
9 error, and the revised one is correct, that was with the
10 surrebuttal.

11 Q. The revised appendix shows an annual amount
12 for taxes; is that correct?

13 A. Yes, it does.

14 Q. Are funds used to pay taxes used for the
15 provision, maintenance and upgrading of facilities and
16 services for which the support is intended?

17 A. We believe that taxes are a part of the --
18 of the acceptable use of those funds, yes. It's an
19 expense.

20 Q. Is the amount of USF support that MO 5
21 expects to receive based on customer counts?

22 A. I believe it was, yes.

23 Q. Does MO 5 expect to add more customers in
24 the next five years?

25 A. We certainly hope so.

1 Q. Please explain why the estimated USF
2 support shown in Appendix M does not increase based on
3 customer growth over the next five years?

4 A. Well, we didn't take into account the
5 growth. One of the challenges of doing so would be
6 because of the different ILECs in the area, the different
7 amounts that each one receives on a per line basis varies
8 substantially. So to estimate that growth across the area
9 would have been a wild assumption. We could have averaged
10 something there, but it would have been hard to
11 substantiate.

12 Q. I'm not asking you to reveal a number, if
13 it's confidential, but have you calculated -- do you know
14 what your growth in customers has been over, say, the last
15 five years?

16 A. I can't quote that number to you, no.

17 Q. But you could calculate that number?

18 A. Sure.

19 Q. Would you please look at the exhibit that's
20 marked Exhibit 17. Can you identify that document?

21 A. Yes. It's the -- my response to the
22 Staff's Data Request after the surrebuttal testimony. I
23 believe it was filed yesterday.

24 MR. HAAS: Your Honor, I would move for the
25 admission of Exhibit No. 17.

1 JUDGE DIPPELL: And you gave copies of that
2 to the counsel?

3 MR. HAAS: Yes, your Honor.

4 JUDGE DIPPELL: Would there be any
5 objection to Exhibit No. 17?

6 (No response.)

7 JUDGE DIPPELL: Seeing none, then, I will
8 receive it into evidence.

9 (EXHIBIT NO. 17 WAS RECEIVED INTO
10 EVIDENCE.)

11 BY MR. HAAS:

12 Q. Would you please turn to the third page of
13 that exhibit.

14 A. Okay.

15 Q. Would you then read into the record
16 question 2B and the response.

17 A. Question 2B states, are all of the expenses
18 listed in revised Appendix M in addition to any expenses
19 that MO 5 would normally incur? If not, please list those
20 expenses that MO 5 would normally incur.

21 The response is, all expenses listed in
22 revised Appendix M are in addition to any expense that
23 MO 5 would normally incur other than expenses that may be
24 incurred if MO 5 deploys those items titled increased
25 capacity at cell site.

1 Q. Now, does that answer mean that MO 5 would
2 increase capacity at cell site without the receipt of ETC
3 funds?

4 A. What it states and what it means is that
5 MO 5 may increase capacity at those cell sites without ETC
6 funds. If you look at it, at that Appendix M, capacity is
7 broken out as a separate line item. There's a substantial
8 difference in the amount of capital to increase capacity
9 as compared to deploying new cell sites.

10 So in the normal course of business,
11 whether MO 5 receives ETC designation or does not, we may
12 still increase capacity at our existing cell sites to
13 continue to provide services and meet customer demand.

14 Q. Does MO 5 have a separate capital budget
15 for items in addition to those shown on Appendix M?

16 A. Not at this time.

17 Q. Would it be your testimony that MO 5 will
18 stop building new towers if it does not receive ETC
19 designation?

20 A. That is correct.

21 Q. At page 7 of your supplemental direct, you
22 discuss E911 wireless service. Please explain the
23 difference between 911 wireless service and E911 wireless
24 service.

25 A. 911 service would only be a call that is

1 forwarded to the PSAP. It would have no information
2 provided to the PSAP to tell the PSAP who's calling, where
3 the call's coming from or any other information that would
4 be useful. The PSAP operator would have to gather all
5 that information from the caller. Phase -- E911, of
6 course, will provide some of that information, the calling
7 ante, the telephone number. And then do you want me to
8 talk about Phase 1, Phase 2?

9 Q. Yes, sir.

10 A. Okay. Phase 1 will provide the ante
11 information, as well as the tower location that the call
12 originated from. Only the tower location. The call could
13 be anywhere within the service area of that particular
14 tower.

15 Phase 2 is a much more refined location
16 requirement. The accuracy requirements of the FCC -- and
17 I may be off on this a little bit -- but I believe are
18 within 300 meters 60 percent of the time and 100 meters
19 90 percent of the time, that the location needs to be
20 within that accuracy.

21 And do you want me to continue, because
22 there's a lot to say about Phase 2, if you --

23 Q. That may be enough. Thank you.

24 A. All right.

25 Q. You used the acronym PSAP. What does that

1 stand for?

2 A. That is the primary service answering point
3 within the county for the 911 center.

4 Q. Does MO 5 have any pending requests on a
5 PSAP seeking E911 wireless coverage?

6 A. Yes, we have three.

7 Q. Which are those?

8 A. Macon County, Shelby County and Chariton
9 County for Phase 2.

10 Q. I believe your testimony said you were
11 working with those PSAPS?

12 A. That's correct.

13 Q. What does it mean, you're working with
14 them?

15 A. At the time that we filed our application,
16 which was last October, we were beginning the process of
17 negotiating and searching out the best technical solution
18 to provide Phase 2 911.

19 Early in 2005, we had entered into an
20 agreement with a company who had a new technology. We
21 agreed to be a beta test site for them and let them
22 develop their product on our network. At the time that we
23 filed our application, we were still working with that
24 company, and our assumption was that we were going to have
25 a working product.

1 Since then, their product failed to meet
2 the accuracy requirements, and they pulled out, and we are
3 now negotiating with other providers to try to find
4 another solution. The company that we're working with
5 could not meet the accuracy requirements because of the
6 number of towers on the network, and we're -- the
7 preliminary estimates from the other providers that we're
8 talking to are indicating the same problems, that they
9 will not meet the FCC accuracy requirements.

10 Q. Are there any dead spots in MO 5's service
11 area where there is no regular 911 wireless coverage?

12 A. If --

13 Q. From any wireless carrier?

14 A. Well, I can't say for certain, but I would
15 assume so, based on, of course, the knowledge of our
16 network and where I have seen our competitors build their
17 networks, I would assume that there probably are dead
18 spots, but I can't say for certain.

19 Q. Is there any other way to meet the FCC's
20 accuracy requirements other than through more towers?

21 A. Some of the equipment providers have a
22 device called a beacon, which would replace a tower. The
23 beacon does increase the possibility of accuracy
24 requirement. However, the cost of placing beacons is
25 pretty expensive. It still takes a tower location or you

1 have to mount the beacon on something that would be very
2 similar to a tower that's high off the ground. That site
3 would have no ability to transmit or enhance services,
4 only act to increase the 911 accuracy, and the costs are
5 not as much as deploying the new cell site, but they are
6 fairly substantial.

7 Q. If the vendors that you are working with
8 cannot meet the FCC requirements, will -- or how will the
9 grant of ETC designation help?

10 A. Our plan is to deploy more towers
11 throughout the service area. As stated earlier, the
12 company that we were working with for -- from early 2005
13 up until February of this year, we were counting on their
14 accuracy and their product to meet our need.

15 Since it will not, it's changed some things
16 and may actually have some effect on how we would actually
17 deploy on Appendix M, that we may revise the deployment
18 schedule in Appendix M to focus in those counties where we
19 have Phase 2 911 requests, to deploy those towers first to
20 improve the 911 coverage. Of course, we would file a new
21 Appendix M with the Commission if granted ETC designation
22 before we do anything.

23 Q. Ms. Zentgraf testified that Chariton
24 Valley, the ILEC, has a 75 percent ownership in Chariton
25 Valley wireless; is that a correct statement?

1 A. That's correct.

2 Q. Has Chariton Valley, the ILEC, opposed or
3 supported wireless requests for ETC designation in
4 Missouri?

5 A. We did not oppose U.S. Cellular's
6 application, and we did not oppose Northwest Missouri's
7 application.

8 MR. HAAS: That's all my questions. Thank
9 you.

10 JUDGE DIPPELL: Thank you. I think we'll
11 go ahead and take a break for lunch. Let's return at
12 1:20. We can go ahead and go off the record.

13 (A BREAK WAS TAKEN.)

14 JUDGE DIPPELL: All right. Let's go ahead
15 and go back on the record. And as we resume, I believe
16 Mr. Mills would like to make his entry of appearance.

17 MR. MILLS: Thank you. On behalf of the
18 Office of the Public Counsel, my name is Lewis Mills, Post
19 Office Box 2230, Jefferson City, Missouri 65102. Thank
20 you.

21 JUDGE DIPPELL: And I'll remind everybody
22 if you turned your cell phones on during the lunch break,
23 if you would please silence those. And then Mr. Simon is
24 back on the witness stand and still under oath, and we can
25 resume with questioning from CenturyTel.

1 MR. STEWART: Thank you, your Honor.

2 CROSS-EXAMINATION BY MR. STEWART:

3 Q. Good afternoon, Mr. Simon.

4 A. Good afternoon.

5 MR. STEWART: Your Honor, I've got just a
6 very few questions that are public, and then the bulk of
7 the rest of it is going to be HC.

8 JUDGE DIPPELL: Okay. And what about the
9 small LECs, are you going to have both?

10 MR. ENGLAND: I've got a combination as
11 well.

12 JUDGE DIPPELL: And AT&T, are you going to
13 have public and --

14 MR. GRYZMALA: We will have limited public
15 only.

16 JUDGE DIPPELL: I think I'd like to go
17 ahead and go through the public questions, if that doesn't
18 make it too disjointed. So we'll take all the public
19 questions and then we'll go in-camera and then we'll take
20 those other questions.

21 BY MR. STEWART:

22 Q. Mr. Simon, before lunch, counsel for Staff
23 handed you Exhibit 17, which I understand were DRs that
24 the Staff had sent to MO 5 sometime after you had filed
25 your surrebuttal testimony; is that correct?

1 A. Yes, that's correct.

2 Q. Do you -- I was probably talking at the
3 time and missed this. When did the Staff serve these DRs
4 on you?

5 A. About the 1st.

6 Q. About June the 1st?

7 A. About June 1st.

8 Q. Do you -- do you recall ever seeing any
9 Data Requests submitted by CenturyTel to MO 5 in this
10 proceeding?

11 A. Not particularly. There may have been.
12 Off the top of my head, I can't say yes.

13 Q. So you wouldn't know or wouldn't recall,
14 then, if one of the requests that we had made is that you
15 would provide us with copies of all Data Requests
16 submitted to you by the other parties?

17 A. That's probably the case. I'd have to
18 apologize for that, yes.

19 Q. Wouldn't surprise you that we didn't get a
20 copy of this until today?

21 A. It was filed yesterday at five. Our
22 response was filed yesterday at 4:45 or something like
23 that.

24 Q. Well, I just -- just for the record, I just
25 wanted to make it clear that we hadn't seen this until

1 this morning.

2 Is the -- I assume the answers that are
3 contained in these Data Requests that were filed
4 yesterday, specifically Staff's question No. 2 regarding
5 planned expenses listed in revised Appendix M, and then
6 2B -- there's 2(a) and 2B, again involving revised
7 Appendix M, those -- as far as you know, your response
8 there is still accurate; is that correct?

9 A. Yes.

10 Q. And in fact, this will be the last public
11 question. I suppose if the Commission or any of the
12 parties were to want to look at the plan and the finances,
13 the numbers if you will about your proposal, we would go
14 to revised Appendix M. That would be -- that would be the
15 document that would contain that information?

16 A. Yes.

17 MR. STEWART: Okay. That's what I thought.
18 I just wanted to clarify. That's all I have on the public
19 side.

20 JUDGE DIPPELL: All right. Let's go ahead
21 with the small LECs, any questions on the public record?

22 MR. ENGLAND: I believe so, your Honor.

23 CROSS-EXAMINATION BY MR. ENGLAND:

24 Q. Good afternoon, Mr. Simon.

25 A. Good afternoon.

1 Q. When you took the witness stand and made
2 certain corrections to your testimony, one of the
3 corrections that you made was with regard to whether or
4 not Chariton Valley had adopted the CTIA consumer code.
5 Do you recall that?

6 A. Yes.

7 Q. And that kind of resolves the question that
8 I had previously had. There appeared to be a discrepancy
9 between two of your testimonies. Is it fair to say that
10 you have not adopted the code, but will do so if granted
11 ETC status?

12 A. That is correct.

13 Q. Similarly, is it fair to say with respect
14 to operator services that Missouri No. 5 currently does
15 not offer operator services but will do so if granted ETC
16 status?

17 A. That is correct.

18 Q. How will you do that?

19 A. How will we -- there's a number of ways
20 that we can provide operator services. There's a number
21 of companies available to provide those services. I've
22 had discussions with one of them. We can do it by direct
23 trunks, we can do it by call-forwarding method to an
24 operator service center. There's different options.

25 Q. Is it fair to say that you haven't

1 finalized those arrangements, though, at this point in
2 time?

3 A. We have not finalized those arrangements.

4 Q. I'm going to jump around a little bit on
5 you, since these questions, some of them, are highly
6 confidential, some of them aren't, so I'm going to try to
7 stay out of the highly confidential areas.

8 We pulled down from the Internet or
9 whatever a copy of a filing that was made by Chariton
10 Valley Communications Corporation with the FCC in Docket
11 No. 94-102 on approximately May 26th of this year, the
12 gist of which was to alert the FCC to a pending sale of a
13 portion or a PCS license in Boone County. Are you
14 familiar with that filing?

15 A. Yes.

16 Q. Can you give me a little better
17 understanding of what's going on there and to the extent
18 that it impacts or doesn't impact MO No. 5?

19 A. Okay. It has no impact at all on MO No. 5.
20 It is a separate company. It is in the Chariton Valley
21 companies. Chariton Valley Communication owns one -- a
22 PCS license in the 1900 megahertz band in the Columbia
23 BTA. And we have entered into a purchase agreement
24 whereby Verizon is going to buy 10 megahertz of that
25 license from Chariton Valley Communication.

1 Q. Is the reason -- and correct me if I'm
2 wrong -- that you're proposing to enter into this sale
3 because of the difficulty you're having in implementing
4 Phase 2 E911?

5 A. That is part of the consideration. As a
6 matter of fact, we -- Chariton Valley Communication did
7 have a Phase 2 request in Boone County, which is inside of
8 that BTA, and Verizon is willing to take over the ten-year
9 construction obligation from Chariton Valley, which
10 relieves us of the opportunity to provide service in those
11 counties. We sold all counties -- ten megahertz in all
12 counties except Randolph and Chariton County in that BTA,
13 which we will retain.

14 We are going to decommission the three cell
15 sites that we have in Boone County upon the completion of
16 the sale to Verizon, whereby they will then take over the
17 build-out requirements, relieving that obligation on us.

18 Q. And none of this area that you're selling
19 impacts or is related to any of the area you seek ETC
20 status --

21 A. No.

22 Q. -- for in this proceeding?

23 A. That is correct. It is not related.

24 Q. Now, my next question may be getting into
25 highly confidential information. I don't think the

1 question is, but the answer may be. So if you would let
2 me know before you answer and we can -- I'll ask it again
3 in the in-camera procedure.

4 Does MO 5 currently have any plans to sell
5 all or part of its licenses for this ETC area that we're
6 talking about today because of its inability to meet E911
7 Phase 2 requirements?

8 A. At this time, MO 5 has no plans to sell any
9 of its spectrum in that RSA.

10 Q. Whether it's related to E911 Phase 2
11 implementation or any other consideration?

12 A. That's correct. At this time, no such plan
13 exists.

14 Q. If I can, I'm going to get that appendix
15 back up on the tripod. And I hope you can see it from
16 over there, or if not, you're familiar enough with it --

17 A. Uh-huh.

18 Q. -- that you'll know what I'm talking about.

19 And I want to talk a little bit about the
20 Northeast Missouri exchange of Winigan, and that's
21 included in your ETC area, correct --

22 A. Yes.

23 Q. -- or area that you seek ETC designation
24 for?

25 Do you understand or agree with me that

1 that's one of 14 exchanges that Northeast serves as a
2 landline company?

3 A. I know it's a Northeast exchange. I don't
4 know if they have 14 or not.

5 Q. Okay.

6 A. I take your word for it.

7 Q. And I believe Ms. Zentgraf testified that
8 your license area actually cuts through that exchange?

9 A. That is correct.

10 Q. And do you have any better information than
11 Mr. Schoonmaker gave regarding the amount of area covered
12 by your licensed area versus the amount of area not
13 covered by your license area or customers covered by your
14 license area versus those not covered by your license area
15 in that exchange?

16 A. No, I don't. It's -- you can see that the
17 exchange is divided by the county line, and I believe that
18 is Linn County in that area. It could border Linn and
19 Macon. But on that north side, that north boundary would
20 be made up of Linn County to the west, Macon County to the
21 east and the Winigan exchange is divided by that county
22 line. As far as how many -- how much land mass or
23 population is on each side of the line, I don't have that
24 information.

25 Q. Do you know what the per line support is

1 for Northeast in that exchange?

2 A. Not exactly.

3 Q. Do you have a rough idea?

4 A. I think it's over \$50 per line.

5 Q. Again, I believe Mr. Schoonmaker has that
6 information in his testimony. Would you have any reason
7 to dispute that?

8 A. No, I wouldn't.

9 Q. Do you know the total number of
10 customers -- I'm sorry. Preface this. This may be
11 getting into a highly confidential area, if you know the
12 answer. If you don't, I don't think it is.

13 Do you know the number of customers that
14 you serve, Chariton Valley Wireless, that are located in
15 that Winigan exchange?

16 A. No, not off the top of my head. I would
17 have to look at some papers to get that answer.

18 Q. And I believe you were here earlier when
19 Ms. Zentgraf described how you would provide service to
20 that portion of the Winigan exchange that is outside your
21 licensed area via roaming agreements?

22 A. That's one of the options.

23 Q. Okay. Is there something else that she
24 didn't mention in her testimony?

25 A. Well, no, but one of the things that I

1 think Public Counsel's mentioned is resale of local
2 service. You know, some type of resale arrangement. And
3 we're not certificated to provide that type of service, so
4 we don't see that as an option. We are required to keep
5 our signal within -- inside the boundary as much as we
6 can, and there are places where the signal may cross the
7 boundary, but if it does, we have to coordinate that with
8 the neighboring wireless company, so a de minimis area.

9 So more than likely, we're not going to
10 have a strong signal from MO 5 north of that county line.
11 So if there's no signal, more than likely there's not
12 going to be a customer requesting service where there's
13 not a signal. Now, we do have a roaming arrangement up
14 there with a provider that has a license in that area;
15 however, they are a roam-only provider. They don't
16 provide local service. So they're not going to meet the
17 requirements.

18 Q. That was going to be my next question.
19 Would you agree with me that not only do you need a
20 roaming agreement to reach some of these customers in the
21 northern part, if you will, of the Winigan exchange, but
22 you're also going to need to contract with that provider
23 to make sure they provide all of the ETC-required
24 services?

25 A. Yes.

1 Q. And to date, that agreement hasn't been
2 signed or executed with anyone?

3 A. There is no such agreement today.

4 Q. Why did you include Winigan, as opposed to
5 excluding Winigan?

6 A. Well, you're going to ask me why we
7 included Winigan and not Philadelphia, I'm sure, so
8 it's -- it does --

9 Q. Let's just take one at a time. I may not
10 go there.

11 A. Okay. It is within the service area. It's
12 close to where we have some service coverage today. We do
13 have a few customers in that area. We have more towers in
14 that area than we do in the northeast corner of our
15 service area. That's one reason we excluded Philadelphia
16 at this time.

17 Q. You believe that your coverage is better in
18 the Winigan exchange than over here in the Mark Twain
19 exchanges of Leonard, Bethel and Philadelphia?

20 A. I believe it's better in Winigan than in
21 Philadelphia. Leonard and Bethel would have better
22 coverage than Philadelphia would.

23 Q. And that would be shown in the green maps,
24 if you will, attached to Mr. Reeves' testimony?

25 A. Yeah.

1 Q. Now, do you understand that both Northeast
2 and Mark Twain have local calling along all of their
3 exchanges?

4 A. I knew that Mark Twain did. I did not know
5 that Northeast did until right now.

6 Q. Okay. Then let's focus on Mark Twain
7 because we sort of have the same situation. If I read
8 your surrebuttal testimony correctly, I think you said
9 that in providing ILEC-like plan to customers we'll say in
10 Leonard and Bethel, that you would give them the same
11 local calling scope that they have as a landline customer;
12 is that right?

13 A. That's correct.

14 Q. So that would mean, assuming that Mark
15 Twain has expanded local calling or toll-free calling
16 among all 14 of its exchanges, that you would have to make
17 provisions to terminate traffic to Mark Twain exchanges
18 outside your licensed area, outside your ETC area on a
19 toll-free basis for your customer, right?

20 A. That's correct.

21 Q. How would you do that?

22 A. Our first choice would be to go to Mark
23 Twain and negotiate an agreement. And if that's not
24 possible, we would have to use other methods which would
25 more than likely be the interexchange network.

1 Q. And again, that would be something that has
2 to be negotiated in the future; it's not something that's
3 currently in place?

4 A. That is correct.

5 Q. And to the extent that Northeast has
6 calling among all of its exchanges, it'd be the same
7 situation with Winigan?

8 A. Yes.

9 MR. ENGLAND: If you could give me a
10 minute, I think the rest of my questions are highly
11 confidential.

12 JUDGE DIPPELL: Mr. Simon, while he's doing
13 that, you mentioned BTA. Could you just tell me what
14 those initials are?

15 THE WITNESS: It's a basic trading area.

16 MR. ENGLAND: It's not the Boston Transit
17 Authority?

18 THE WITNESS: Not in this case.

19 MR. ENGLAND: That just opened up a whole
20 line of questioning, your Honor. I think the rest of my
21 questions get into highly confidential information, so
22 I'll wrap this up now.

23 JUDGE DIPPELL: Okay. Does AT&T have
24 questions for the public session?

25 CROSS-EXAMINATION BY MR. GRYZMALA:

1 Q. Hi, Mr. Simon. My name is Bob Gryzmala.

2 A. Hi.

3 Q. I just have a couple of questions for you.
4 They're all related to Lifeline. That's the only subject
5 matter I want to talk about.

6 A. Okay.

7 Q. You said you were familiar with the
8 Commission's new ETC rules, generally familiar with them?

9 A. Uh-huh. Yes.

10 Q. I'm sorry. I didn't mean to interrupt you.
11 Let me focus your attention on subpart 2(a)(10), and I'll
12 read it or you can look at your copy. But what it
13 requires is a commitment that shall include a commitment
14 to provide Lifeline and Linkup discounts and Missouri
15 Universal Service Fund discounts if applicable at rates,
16 terms and conditions comparable to the Lifeline and Linkup
17 offers of the underlying ILEC. Is that a fair statement
18 what that rule requires?

19 A. Yes.

20 Q. Okay. And I notice at page 9 of your
21 direct testimony the statement is made that the proposed
22 Missouri -- or MO 5 Lifeline rates would be below those
23 offered by the ILECs. Do you see that at line 11 on
24 page 9?

25 A. Yes.

1 Q. Now, I appreciate the correction,
2 Mr. Simon, in your direct testimony to the effect that
3 when referring to Appendix K and the entry regarding SBC's
4 Rate Group A and Rate Group B, Lifeline, that those were
5 overstated by a dollar and a quarter?

6 A. That's correct.

7 Q. And you reduced them, if I recall, from
8 14.85 to 13.60, and 16.74 to 15.49 on Rate Groups A and B
9 respectively?

10 A. That is correct.

11 Q. Now, in a footnote or two in your
12 testimony, yes, Footnote 1 and Footnote 2, I gather that
13 they confirmed the reason for your having made the
14 correction; that is, those footnotes indicate you assumed
15 a federal line charge discount of 6.50 when, in fact, on
16 your corrected testimony here today you now recognize it's
17 five and a quarter?

18 A. Yes.

19 Q. What I would like to direct your attention
20 to is Appendix K, the portion in that appendix that refers
21 to MO 5's Option 1 and Option 2 rates of 6.75 and 11.75
22 respectively.

23 A. Okay.

24 Q. Do you see where I am?

25 A. You said on Appendix K?

1 Q. Yes, sir. It's at the bottom right. Says
2 MO 5 Option 1, MO 5 Option 2.

3 A. Okay.

4 Q. Okay. I just want to clarify one thing.
5 We've already established that the federal line charge
6 discount on Appendix K for SBC was overstated by a dollar
7 and a quarter. Would it not likewise be the case that the
8 MO 5 Option 1 and Option 2 Lifeline rates are understated
9 by a dollar and a quarter as well, for the same reason?

10 A. You can make that case, I guess, in the --
11 in the SBC exchange areas.

12 Q. That's exactly correct. And I mean to
13 confine my answer to -- or my question to the SBC --
14 rather the AT&T Missouri six exchange areas in which
15 you've sought application for ETC status.

16 A. I'd have to look and see. I'm not sure of
17 your six exchanges, which of them are in Group A and which
18 are in Group B.

19 Q. Okay.

20 A. I'm assuming that most of them are in
21 Group B, particularly the larger ones being Brookfield,
22 Marceline, Moberly, possibly Higbee. In that case, MO 5
23 would still be lower than SBC by 49 cents.

24 Q. So subject to your check, I'll represent to
25 you that our tariffs confirm that rate group -- or I'm

1 sorry -- five exchange areas in this case are Rate
2 Group A customers.

3 A. Okay.

4 Q. And the only one that was -- the only
5 exchange that would constitute Rate Group B would be
6 Moberly.

7 A. Okay.

8 Q. Okay. So again, when you're looking at the
9 6.75 number and the 11.75 number in your Exhibit K or
10 Appendix K, and again, confining your responses to AT&T
11 Missouri only, those figures should actually be \$8 and \$13
12 respectively; would that not be the case?

13 A. I would want to check that with counsel
14 to -- before I -- I don't know the answer without talking
15 to my attorney on that one.

16 Q. I appreciate that.

17 A. I understand the math.

18 Q. Right.

19 A. But I haven't thought about a different
20 rate for different exchanges in Lifeline within a coverage
21 area within our service area.

22 Q. But you would agree that whatever the line
23 charge is, the FCC subscriber line charge is in our six
24 exchange areas, they need to be factored in, as you have
25 already, to the AT&T, as you call it, SBC flat Rate

1 Group A customers for A and B, and they would likewise
2 need to be factored in the MO 5 Options 1 and 2 for
3 AT&T's --

4 A. Well, one could say that the Option 1
5 perhaps in the Bell area maybe should be 5.50 and 10.50 in
6 a Bell service area. Since -- since your rate is lower
7 than the 6.50 that we assumed, perhaps we would consider
8 offering our Lifeline service in the Bell exchange at
9 rates that are a dollar and a quarter less than what we
10 have on Appendix K.

11 Q. I see. At present, though, the exhibit
12 is -- I'll leave it at that.

13 When you compiled the data suggesting that
14 the Rate Group A and Rate Group B customers' Lifeline
15 rates would be 14.85 and 16.74 at the time you filed your
16 direct testimony, did you include the discounts would be
17 applicable to the rates?

18 A. No.

19 Q. So you did not account for the reductions
20 in those rates to reflect the Lifeline discounts provided
21 by the federal USF low-income funds and the Missouri
22 Universal Service funds, correct?

23 A. No. The rates that are shown in Appendix K
24 are the rates as they are before the Lifeline discounts,
25 which would be the either 6 and a half and \$1.75, driving

1 the rate down to the 6.75 and 11.75.

2 Q. So am I -- do I understand with respect to
3 the MO 5 side of the equation on Appendix K, the 6.75 and
4 11.75, whether understated or not, results in your having
5 applied those discounts to MO 5, and that's the bottom
6 line number you get?

7 A. That is correct.

8 Q. Okay. Now I want to move to the SBC --
9 what you call SBC. We're now, of course, AT&T Missouri.
10 You know that there are multiple tiers of federal
11 support --

12 A. Uh-huh.

13 Q. -- do you not?

14 A. Yes.

15 Q. So what one would do to derive an
16 appropriate Lifeline rate, would they not, is they would
17 add -- let's start with Group A -- \$7.15, and then you add
18 five and a quarter?

19 A. Correct.

20 Q. Okay. Then you would take from that figure
21 the Lifeline discounts, which under the FCC's
22 54-403(a)(1), the Tier 1 discount is \$1.75, correct?

23 A. Yes.

24 Q. Your Tier 2 discount -- excuse me. I'm
25 wrong. I will correct myself. Your Tier 1 discount is

1 the tariffed rate in effect for the primary residential
2 end user common line, so that would be five and a quarter,
3 correct?

4 A. Yes. What we're calling the FCC line
5 charge.

6 Q. Rate. That's Tier 1?

7 A. Yes.

8 Q. I'm sorry. I had it backwards.

9 Tier 2 is additional federal Lifeline
10 support in the amount of \$1.75, correct?

11 A. Yes.

12 Q. Tier 3 is additional federal Lifeline
13 support in an amount equal to one-half the amount of any
14 state-mandated Lifeline support, which in this state is
15 3.50, correct?

16 A. I believe that's correct.

17 Q. So you would add, therefore -- to five and
18 a quarter and \$1.75 you would add another \$1.75 and then
19 3.50?

20 A. I would have to verify that. I'm not
21 certain if when we prepared this original appendix that --
22 I can't recall that the Missouri USF plan was fully in
23 place at that time.

24 Q. Okay. But aside from what happened back
25 when, let's just talk about this today. Let's start with

1 top line numbers of 7.15 for your basic rate and add the
2 five and a quarter. That gives you 12.40 on one side of
3 the ledger, correct?

4 A. Yes.

5 Q. In Rate Group A areas. And there, then you
6 can start taking out the discounts, five and a quarter,
7 correct?

8 A. Uh-huh. Yes.

9 Q. \$1.75, \$1.75 and 3.50, amounting to a total
10 discount of 12 and a quarter?

11 A. You're taking \$1.75 out twice.

12 Q. Yes, I did, because Tier 3 allows discounts
13 in one-half the amount mandated by the state's equivalent
14 Universal Service Fund program, and in this state, it's
15 3.50, half of which is \$1.75.

16 A. I would have to verify that.

17 Q. Assuming that's the case, that amounts to
18 \$12.25. Let's not assume it. Let's go back. I'll
19 represent to you, sir, that's a copy of 47 CFR 54-403, the
20 FCC's rules. And I don't have it in front of me, but
21 would you confirm that the first part of it awards or
22 allows a discount to the subscriber line charge?

23 A. Yes.

24 Q. And that's five and a quarter. The second
25 part allows what number?

1 A. Additional federal Lifeline support in the
2 amount of \$1.75.

3 Q. And the third part says what, please?

4 A. Tier 3?

5 Q. Yes, sir.

6 A. Additional federal Lifeline support in an
7 amount equal to one-half of the amount of any state
8 mandated Lifeline support or Lifeline support otherwise
9 provided by the carrier up to a maximum of \$1.75.

10 Q. And in this state, assuming, if you don't
11 know -- or do you know what the Missouri Universal Service
12 Fund level of support is?

13 A. Not off the top of my head.

14 Q. If I represent to you that it would be
15 \$3.50, half of that would be \$1.75, correct?

16 A. Yeah.

17 Q. Okay. So the bottom line, therefore, would
18 you not agree, is that \$12.40 minus \$12.25 represents an
19 AT&T Missouri Lifeline charge for its Rate Group A
20 customers, which are five of the six exchanges here, of
21 15 cents? Would you agree with that statement?

22 A. Sounds right.

23 Q. Okay. And would it seem fair to you to go
24 through the same analysis with respect to the Rate Group B
25 customers?

1 A. Sure.

2 Q. So therefore, you would take Rate Group B
3 customers at \$8.79, add five and a quarter, which gives
4 you 14.04, correct?

5 A. I'm not adding it, but if you say it's
6 correct, I'll take your word for it.

7 Q. That would be the correct methodology,
8 would you agree?

9 A. Okay. Yes.

10 Q. And then you would back out 12.25, which is
11 what we backed out of the Rate Group A?

12 A. Okay.

13 Q. And that, therefore, sir, would lend to a
14 rate -- would lead to a rate of \$1.79 for Lifeline rates
15 in Missouri, AT&T Missouri's wire center in a Rate Group B
16 scenario, which is Moberly, correct?

17 A. If you say so.

18 Q. And both of those numbers are quite
19 appreciably below Options 1 and Options 2 offered by MO 5;
20 is that correct?

21 A. Yes. And both of those numbers that you've
22 represented are supported by support mechanisms which we
23 haven't taken into account in our rates, which, if they're
24 available to us, we certainly will.

25 Q. Your testimony does not state that,

1 however, does it?

2 A. No, it does not.

3 Q. I just have one other brief line. Do you
4 agree with the basic concept, sir, that Lifeline is a
5 retail service, a retail local service offering against
6 which Lifeline support amounts are provided to give you
7 what consumers pay as reduced charges? That's the basic
8 construct of Lifeline service, it's a local retail service
9 against which discounts are applied to give a bottom line
10 number for those who are qualified to pay?

11 A. Yes, that's correct.

12 Q. Now, I notice that you provide in your --
13 well, let me back up. Excuse me. You mention an ILEC
14 equivalent plan, correct?

15 A. Yes.

16 Q. Your testimony does not speak to an ILEC
17 equivalent plan proposed by your company which, when the
18 discounts are applied, yield a MO 5 Option 2 Lifeline
19 plan, does it?

20 A. The MO 5 Option 2 Lifeline plan has a
21 larger calling area than the Option 1 plan. That's one
22 reason the rate is higher, because it would give the
23 customer the entire calling area, not just their local
24 exchange area. They would be able to use their phone
25 anywhere within MO 5, not just their home cell site.

1 Q. I'm not sure I understand. Let me try this
2 a different way, if I can. I'm looking at page 8 of your
3 testimony.

4 A. Of the direct?

5 Q. Yes, sir. And it says the ILEC equivalent
6 plan would offer the same features and services as the
7 first Lifeline plan discussed above. Do you see that at
8 lines 15 and 16?

9 A. Yes, I do.

10 Q. And that would correspond to MO 5 Option 1
11 shown on your Appendix K, correct?

12 A. Yes, but I think you need to go to the -- I
13 believe it's in the supplemental direct where we go into
14 more discussion about the two plans, maybe would give you
15 a better understanding of Option 2.

16 Q. Okay. That would be great.

17 A. See if I can find it here.

18 Q. If you can help me there. And specifically
19 what I'm looking for is discussion of what the retail plan
20 that is available to customers that correspond to your
21 Option 2 Lifeline. Perhaps if you have discussion there
22 regarding 2(a)(10), maybe it would be there, because I
23 notice your testimony tracks by the section of the new
24 rule.

25 MR. DeFORD: I believe that discussion

1 begins on page 10. Page 10.

2 THE WITNESS: Page 10. Yeah. There's two
3 plans. An Option 1 plan is that the customer would
4 subscribe to service and their service would be restricted
5 to usage on what we would call their home cell site, the
6 cell site that's closest to their residence. They can use
7 their phone anywhere within the coverage of that cell
8 site.

9 BY MR. GRYZMALA:

10 Q. I'm quite comfortable with that.

11 A. Okay.

12 Q. Because I do see there's a retail service
13 plan that's associated with -- the two are hooked. But
14 what I'm not finding, if you could help me, is a
15 description of retail service plan that's available which,
16 when Lifeline discounts applied to it, yield the Option 2
17 Lifeline plan.

18 A. The Option 2 plan was a \$20 plan with the
19 discounts applied, brings it to \$11.75.

20 Q. Can you help me, where is the \$20, where is
21 that discussion?

22 A. Well, I have to -- I have to find it, if
23 you will give me some time. Do you know where it is,
24 Paul, off the top of your head?

25 Q. Let me ask, if I may, just a real blunt

1 question. Is there a retail plan in place today that
2 corresponds to Option 2 without regard for the Lifeline
3 discounts?

4 A. Well, we have a number of plans in place
5 today, and --

6 Q. Well --

7 A. -- to tell you if there's one exactly that
8 looks like 2 for the same price, probably not.

9 Q. There's none that has an ETC-wide local
10 calling area. Isn't that the second option? Isn't
11 Option 2 an ETC-wide local calling area?

12 A. That's correct.

13 Q. Do you have a retail plan in place today
14 that has --

15 A. All our plans are ETC-wide local calling,
16 every one of them.

17 Q. Is there any --

18 A. On a wireless-to-wireless basis.

19 Wireless-to-wireline will depend upon those agreements
20 that I was asked about earlier.

21 MR. DeFORD: I think to speed things along,
22 Mr. Simon, if you'd refer to page 2 of your surrebuttal
23 testimony, I think that's where that discussion is.

24 THE WITNESS: Yeah. The \$20 rate is on
25 line 12. The Option 2 is unlimited inbound and outbound

1 airtime within the --

2 BY MR. GRYZMALA:

3 Q. Okay. Thank very much. So it would be
4 your testimony, then, that today you have a retail plan
5 that corresponds to Option 2, aside from the Universal
6 Service Fund discounts?

7 A. Aside from -- yes.

8 MR. GRYZMALA: Okay. Thank you very much,
9 I appreciate that clarification. That's all I have, sir.

10 JUDGE DIPPELL: All right. I believe
11 that's all the public cross-examination that we had for
12 Mr. Simon, so we will go back and ask some in-camera,
13 unless Commissioner Appling, did you want to ask any
14 questions at this time or wait 'til after?

15 COMMISSIONER APPLING: No.

16 JUDGE DIPPELL: Okay. We will -- I will
17 ask the attorneys to help me police the room, and those
18 who are not allowed to stay and hear highly confidential
19 testimony, I'll ask to leave.

20 (REPORTER'S NOTE: At this point, a highly
21 confidential in-camera session was held, which is
22 contained in Volume 3, pages 164 through 197 of the
23 transcript.)

24

25

1 JUDGE DIPPELL: Let's go ahead and go on
2 the record. Is there any redirect for Mr. Simon?

3 MR. DeFORD: None, your Honor.

4 JUDGE DIPPELL: Mr. Simon, we do have a few
5 Commission questions for you, but the Commissioners are
6 not available right now, so I'm going to ask you to step
7 down but remain as a witness and I'll call you back later.

8 And we had some discussions off the record
9 about the timing today and admissibility of certain
10 testimony and so forth, and if I refer to that later on
11 the record, that's what we're talking about. All right.
12 Let's go ahead with the next witness.

13 MR. DeFORD: Call Jon Reeves.

14 (Witness sworn.)

15 JUDGE DIPPELL: Thank you. You can go
16 ahead, Mr. DeFord.

17 MR. DeFORD: Thank you, your Honor.

18 JONATHAN REEVES testified as follows:

19 DIRECT EXAMINATION BY MR. DeFORD:

20 Q. Would you please state your name for the
21 record.

22 A. My name is Jonathan Reeves. Last name is
23 spelled R-e-e-v-e-s.

24 Q. Mr. Reeves, by whom are you employed and in
25 what capacity?

1 A. I'm the president of DJR Telecom Solutions,
2 LLC, a telecommunications consulting firm.

3 Q. And have you caused to be prepared and
4 filed in this case prepared direct testimony and
5 supplemental direct testimony which have been marked for
6 purposes of identification as Exhibits 5 and 6
7 respectively?

8 A. Yes.

9 Q. Do you have any corrections to that
10 testimony you'd like to make at this time?

11 A. No.

12 Q. And if I were to ask you the questions set
13 forth therein, would your answers be substantially the
14 same here today?

15 A. Yes.

16 Q. Would those answers be true and correct to
17 the best of your information and belief?

18 A. Yes.

19 MR. DeFORD: I'd offer Exhibits 5 and 6 and
20 tender Mr. Reeves for cross.

21 JUDGE DIPPELL: Thank you. Is there any
22 cross-examination for Public Counsel?

23 MR. MILLS: No questions.

24 JUDGE DIPPELL: Staff?

25 MR. HAAS: Yes, your Honor.

1 CROSS-EXAMINATION BY MR. HAAS:

2 Q. Good afternoon, Mr. Reeves.

3 A. Good afternoon.

4 Q. What is your position, your job?

5 A. I am the president of the company.

6 Q. And what is your function in this hearing
7 today?

8 A. My function is to testify as to the
9 coverage provided prior to ETC funding, as well as the
10 predicted coverage after ETC funding, as well as to
11 discuss any questions with regard to population covered or
12 cream-skimming issues that might arise.

13 JUDGE DIPPELL: I'm sorry. Let me
14 interrupt. Did we -- did you offer the exhibits and I
15 just skipped right over it?

16 MR. DeFORD: Yes, I believe I offered it.

17 JUDGE DIPPELL: Were there any objections
18 to Exhibit No. 5HC and 6HC?

19 (No response.)

20 JUDGE DIPPELL: Seeing none, then I will
21 admit those in evidence. I apologize.

22 (EXHIBIT NOS. 5HC AND 6HC WERE RECEIVED
23 INTO EVIDENCE.)

24 JUDGE DIPPELL: I'm sorry, Mr. Haas. Go
25 ahead.

1 BY MR. HAAS:

2 Q. In your testimony you refer back to
3 Ms. Zentgraf's testimony where she discusses that MO 5 is
4 migrating to GSM digital technology. First, what does GSM
5 stand for?

6 A. GSM stands for global system of mobile
7 communications, to put it in English.

8 Q. And in English, how does GSM operate?

9 A. GSM operates by a variation of time
10 division multiple access. There is actually one
11 200-kilohertz frequency that divided up into time has
12 eight different channels on each individual 200 kilohertz
13 frequency. That's the very abbreviated version of it.

14 Q. What technology did MO 5 use before
15 migrating to GSM?

16 A. Prior to GSM, it was TDMA, time division
17 multiple access.

18 Q. And in English, how does that work?

19 A. In English, it's a very similar situation,
20 but rather than 200 kilohertz band with frequency, it's
21 30 kilohertz, and instead of having eight time slots or
22 time divisions, it only has three.

23 Q. Why did MO 5 migrate to GSM?

24 A. There's several reasons for it. I would
25 actually address that as far as how -- the reason why many

1 carriers, not just MO 5, but many carriers migrated to
2 GSM. TDMA is essentially an orphaned or abandoned
3 technology at this point. All the larger carriers have
4 essentially put TDMA aside and moved toward to the newer
5 technologies, GSM, CDMA, et cetera.

6 The benefit or difference between TDMA and
7 GSM is primarily the spectrum of use, the efficiency and
8 overall capacity, as well as the additional services,
9 advanced services and features that go along with that
10 newer technology.

11 Q. Does migrating to GSM have anything to do
12 with E911 capabilities?

13 A. Certainly there's a consideration on that,
14 inasmuch as the previous TDMA technology did not have a
15 road map or solution for any sort of advanced 911
16 solution, location-based solution, so certainly there
17 would be a consideration in that decision.

18 Q. Do you know whether there are any dead
19 spots in the area for which MO 5 seeks ETC designation
20 where no wireless carrier provides coverage?

21 A. I wouldn't know that as a fact. I think
22 Jim Simon's testimony addressed that earlier, as far as
23 some of his anecdotal experiences and reports back from
24 customers, but I don't have any specific firsthand
25 knowledge of that.

1 MR. HAAS: That's all my questions. Thank
2 you.

3 JUDGE DIPPELL: Thank you. Is there
4 cross-examination from CenturyTel?

5 MR. STEWART: Just a few questions.

6 CROSS-EXAMINATION BY MR. STEWART:

7 Q. And I believe since I'm going to ask about
8 appendix -- several of the appendices, we'll have to go
9 in-camera. So do you want to do that or do you want to do
10 the public first, because I don't have any --

11 JUDGE DIPPELL: Let's see if there's any
12 additional public, try to keep it together as much as I
13 can. Do you have public questions?

14 MR. ENGLAND: All of mine are -- no.

15 JUDGE DIPPELL: Yours are all HC. AT&T?

16 MR. GRYZMALA: We would have some questions
17 that would be of the HC appendices, your Honor.

18 JUDGE DIPPELL: Okay. Well, in that case,
19 let's just go ahead then and go back in-camera.

20 MR. GRYZMALA: May I have a moment with
21 Mr. DeFord?

22 JUDGE DIPPELL: Yes. Sure.

23 MR. DeFORD: Your Honor, we've agreed to
24 reclassify certain of the appendices as proprietary, so I
25 guess the proceeding would still be in-camera, but I think

1 some additional people would be allowed to stay.

2 JUDGE DIPPELL: Okay. And which appendices
3 are those, Mr. DeFord?

4 MR. DeFORD: Appendices E, G, H, I and N.

5 JUDGE DIPPELL: E, G, H, I and N?

6 MR. DeFORD: N.

7 MR. STEWART: Your Honor, may I have a
8 moment to ask Mr. DeFord a question?

9 JUDGE DIPPELL: Yes.

10 MR. STEWART: I also intend to ask a couple
11 of questions about our Schedule GHB-4HC, which was
12 provided to us in a Data Request, and so that we kept the
13 classification HC the same with this.

14 MR. DeFORD: We haven't talked about that
15 one. Hang on just a second.

16 MR. STEWART: I think I've got N and I.
17 That covers the bulk of my questions.

18 JUDGE DIPPELL: We can go off the record
19 while they look at those exhibits.

20 (AN OFF-THE-RECORD DISCUSSION WAS HELD.)

21 JUDGE DIPPELL: Okay. So also what exhibit
22 is this that --

23 MR. STEWART: That would be
24 Schedule GHB-4HC attached to CenturyTel witness Brown's I
25 believe surrebuttal or supplemental rebuttal?

1 MR. BROWN: Rebuttal.

2 MR. STEWART: Excuse me. Rebuttal.

3 JUDGE DIPPELL: So those are all
4 proprietary and not highly confidential. Okay. Well, in
5 that case, then, we can go ahead and go in-camera, but we
6 will be talking about proprietary information. So let me
7 mute.

8 (REPORTER'S NOTE: At this point, an
9 in-camera session was held, which is contained in
10 Volume 4, pages 206 through 253 of the transcript.)

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1 JUDGE DIPPELL: Go ahead, Mr. Gryzmala.

2 You wanted to add something.

3 MR. GRYZMALA: Commissioner Clayton, you
4 asked this morning about the competitive classification in
5 exchanges, and we confirmed that there is a competitive
6 classification on a residential and a business basis in
7 Moberly, but none in any of the other five exchanges as to
8 either residence or business.

9 COMMISSIONER CLAYTON: Thank you.

10 MR. GRYZMALA: Just before you get away.
11 Thank you. Thank you, your Honor.

12 JUDGE DIPPELL: And then, were there any
13 additional nonproprietary questions for Mr. Reeves? I
14 kind of lost track as to where we were. I think we
15 finished his in-camera.

16 And, Commissioner Clayton, did you have
17 anything further of Mr. Reeves?

18 COMMISSIONER CLAYTON: No.

19 JUDGE DIPPELL: Commissioner Appling, you
20 were finished with Mr. Reeves?

21 COMMISSIONER APPLING: Yes. No questions.

22 JUDGE DIPPELL: Okay. I think I asked
23 about redirect before we went in-camera, but I'm -- did I
24 miss anybody? Has everybody had an opportunity to ask
25 Mr. Reeves everything they wanted to ask?

1 MR. DeFORD: We're fine.

2 JUDGE DIPPELL: All right. Mr. Reeves, I
3 believe you may be excused. So Mr. DeFord, is that your
4 last witness?

5 MR. DeFORD: Yes, it is, your Honor.

6 JUDGE DIPPELL: And we talked at the break
7 about the possibility that MO 5 did not have any
8 cross-examination questions for the remainder of the
9 witnesses; is that correct?

10 MR. DeFORD: That's correct, assuming some
11 of the questions of corrections that they make don't raise
12 questions.

13 JUDGE DIPPELL: Let's go ahead and get
14 those corrections on the record, and we'll just go
15 through. I'll let you -- let's just start with Office of
16 the Public Counsel and -- since it's basically been
17 stipulated that there's -- that this is admissible; is
18 that correct?

19 MR. DeFORD: That's correct.

20 JUDGE DIPPELL: Okay. Let me just go
21 through the exhibits, then, and we'll offer them one by
22 one and I'll admit them. If you have any corrections, we
23 can talk about it as we go through that. So Public
24 Counsel, Exhibit No. 7 and 8, were there any corrections
25 that needed to be made?

1 MR. MILLS: Only to No. 7, page 19,
2 line 24. The correction is to strike the first two words
3 in the first complete sen-- the sentence that begins on
4 that line. So strike all but, and insert only. So the
5 sentence fragment at the end of that page would read, only
6 two of these exchanges are in the.

7 JUDGE DIPPELL: Okay.

8 MR. MILLS: That's the only correction on
9 those two pieces of testimony.

10 JUDGE DIPPELL: With that correction, would
11 there be any objections to Exhibits 7 and 8?

12 (No response.)

13 JUDGE DIPPELL: Seeing none, then I will
14 admit Exhibits 7 and 8.

15 (EXHIBIT NOS. 7 AND 8 WERE RECEIVED INTO
16 EVIDENCE.)

17 JUDGE DIPPELL: And then, Staff, you had
18 Exhibit No. 9, and that's HC. Are there any -- and 10HC.
19 Are there any corrections to those exhibits?

20 MR. HAAS: Yes, your Honor, and I wanted to
21 note that those are in both NP and HC versions.

22 JUDGE DIPPELL: That's correct.

23 MR. HAAS: In the supplemental rebuttal of
24 Mr. McKinnie, which is No. 10, we do have a few revisions.
25 After we had filed this testimony, we contacted Mr. DeFord

1 and asked if they would reclassify some of their Data
2 Request responses, and they have done that, so that we can
3 now take some material that was previously marked as
4 highly confidential and move that to the public realm.

5 JUDGE DIPPELL: Okay.

6 MR. HAAS: So if you would turn to page 5
7 of the supplemental rebuttal testimony of Adam McKinnie,
8 the answer that begins on line 26 and continues on to
9 page 6, line 2, may be classified as public.

10 JUDGE DIPPELL: So page 5, line 26, to
11 page 6, line 2.

12 MR. HAAS: Yes.

13 JUDGE DIPPELL: All right. Is now public.

14 MR. HAAS: Then if you turn to page 10, the
15 answer from line 7 through line 9 may be classified as
16 public.

17 JUDGE DIPPELL: Okay. Line 7 through
18 line 9?

19 MR. HAAS: Yes.

20 JUDGE DIPPELL: Okay.

21 MR. HAAS: Then if you would turn to
22 Schedule ACM-3HC.

23 JUDGE DIPPELL: Okay.

24 MR. HAAS: The response has been marked
25 highly confidential, and that may be made public.

1 JUDGE DIPPELL: All right.

2 MR. HAAS: And if you turn to
3 Schedule ACM-4, the response which was marked highly
4 confidential may be made public.

5 JUDGE DIPPELL: Okay.

6 MR. HAAS: Those were all the changes that
7 we had.

8 JUDGE DIPPELL: All right. Are there any
9 objections to Exhibits 9 and 10, both NP and HC, being
10 admitted into the record?

11 (No response.)

12 JUDGE DIPPELL: Seeing no objections, those
13 are received into the record.

14 (EXHIBIT NOS. 9NP, 9HC, 10NP AND 10HC WERE
15 RECEIVED INTO EVIDENCE.)

16 JUDGE DIPPELL: Okay. Then CenturyTel, we
17 had Mr. Brown's rebuttal, supplemental rebuttal. I guess
18 that's it, so 11 and 12NP and HC, and did you have
19 corrections?

20 MR. STEWART: Your Honor, we have no
21 corrections to Exhibit 11, which would be the rebuttal
22 but Mr. Brown does have some corrections to the
23 supplemental rebuttal, Exhibit 12, the first being his
24 Schedule GHB-4HC has now been reclassified as proprietary.
25 No. 3, has that been declassified, Paul?

1 And so in addition to 4HC, Schedule 3HC is
2 now also been classified as proprietary, and Mr. Brown has
3 the line numbers and page numbers on the other corrections
4 here.

5 JUDGE DIPPELL: I'm sorry. There were
6 other corrections?

7 MR. STEWART: Yes, to the text of his --

8 MR. BROWN: Yes, your Honor. On my
9 supplemental rebuttal, which is Exhibit 12, I have
10 corrections, on page, beginning on page 7, scratch the --
11 all of the text on line No. 4 -- 24 -- excuse me. And
12 then continuing on to page 8, all the way through line 13,
13 all of that portion from line 24 on page 7 through line 13
14 on page 8 would be removed.

15 JUDGE DIPPELL: Okay.

16 MR. BROWN: The second correction would be
17 on page 11, on the first line on page 11, put a period
18 after USF-related costs in the first two years. The
19 sentence ends there, and the rest of the text through line
20 3 is removed.

21 JUDGE DIPPELL: I'm sorry. Period goes
22 after the first two years?

23 MR. BROWN: Right.

24 JUDGE DIPPELL: And the rest of that
25 sentence is removed?

1 MR. BROWN: The text that begins increasing
2 the amount by which, that all the way through line 3 is
3 removed.

4 JUDGE DIPPELL: Okay.

5 MR. BROWN: And that's the extent of my
6 corrections.

7 MR. STEWART: So that would be everything
8 we had.

9 JUDGE DIPPELL: With those corrections,
10 would there be any objection to Exhibits No. 11 and 12NP
11 and HC?

12 (No response.)

13 JUDGE DIPPELL: Seeing none, I'll receive
14 those into evidence.

15 (EXHIBIT NO. 11NP, 11HC, 12NP AND 12HC WERE
16 RECEIVED INTO EVIDENCE.)

17 JUDGE DIPPELL: Now, based on those
18 changes, will there be a need to do any cross-examination?

19 MR. DeFORD: None.

20 JUDGE DIPPELL: Okay. Then let's move on
21 to the small LECs. Mr. Schoonmaker's testimony is Exhibit
22 No. 13.

23 MR. ENGLAND: We offer as is.

24 JUDGE DIPPELL: Is there any objection to
25 Exhibit No. 13?

1 (No response.)

2 JUDGE DIPPELL: Seeing none, receive that
3 into evidence.

4 (EXHIBIT NO. 13 WAS RECEIVED INTO
5 EVIDENCE.)

6 JUDGE DIPPELL: And AT&T, you have Mr. --
7 is it Stidham -- rebuttal and surrebuttal, which are
8 Exhibit 14 and 15. Any corrections?

9 MR. GRYZMALA: No, your Honor.

10 JUDGE DIPPELL: And would there be any
11 objections to Exhibits 14 and 15?

12 (No response.)

13 JUDGE DIPPELL: Seeing none, I will receive
14 those into evidence.

15 (EXHIBIT NO. 14 AND 15 WERE RECEIVED INTO
16 EVIDENCE.)

17 JUDGE DIPPELL: Okay. Let me make sure
18 I've got all of the questions answered here. Okay. I
19 think that takes care of everything as far as the
20 witnesses go. Was there anything further that I missed
21 with regard to the witness testimony?

22 (No response.)

23 JUDGE DIPPELL: All right. Have you had an
24 opportunity to discuss briefing schedules at all?

25 MR. DeFORD: No, we haven't.

1 JUDGE DIPPELL: Do you think that it would
2 be possible, given the similarities in this case, to have
3 a little bit of an expedited briefing schedule on this
4 case? I'm seeing some wincing going on.

5 MR. DeFORD: We would certainly agree to
6 expedite.

7 JUDGE DIPPELL: One round of Briefs,
8 Findings of Fact and Conclusions of Law. If there's any
9 question as to whether they're mandatory or optional, I
10 have not at this point expedited the transcript, so that's
11 due in ten business days. I would expect, given the
12 similarities in the two cases, that it will not take you
13 as long to brief. So once the transcript is filed, I'll
14 send a notice setting the briefing deadline, and barring
15 any major whining, that will be it.

16 Okay. Is there anything further that needs
17 to go on the record? Then I believe that concludes the
18 hearing. Thank you very much. We can go off the record.

19 WHEREUPON, the hearing of this case was
20 concluded.

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