

FILED²

APR 25 2006

Missouri Public
Service Commission

Exhibit No.:

Issue(s): UNE Non-Recurring Charges

Witness: Ted M. Hankins

Type of Exhibit: Direct Testimony

*Sponsoring Party: CenturyTel of Missouri,
LLC and Spectra Communications Group,
LLC d/b/a CenturyTel*

Case No.: TO-2006-0299

Date Testimony Prepared:

March 21, 2006

DIRECT TESTIMONY

OF

TED M. HANKINS

ON BEHALF OF

**CENTURYTEL OF MISSOURI, LLC AND SPECTRA
COMMUNICATIONS GROUP, LLC d/b/a CENTURYTEL**

Corrected Version: March 24, 2006

CASE NO. TO-2006-0299

NP

Exhibit No. P
Case No(s) TO-2006-0299
Date 4-12-06 Rptr KF

TABLE OF CONTENTS

I.	BACKGROUND	1
II.	OVERVIEW	3
III.	NON-RECURRING CHARGES	5
	A. All else being equal, the Commission should adopt the GTE-based UNE NRCs from the existing Commission-approved CenturyTel agreements.....	5
	B. Socket's proposed SBC-based UNE NRCs are inappropriate	7
	C. In the alternative, if the Commission compels CenturyTel to implement electronic OSS, UNE NRCs must be higher to ensure cost recovery.....	9

1 **DIRECT TESTIMONY OF TED M. HANKINS**

2 **ON BEHALF OF CENTURYTEL OF MISSOURI, LLC AND SPECTRA**
3 **COMMUNICATIONS GROUP, LLC d/b/a CENTURYTEL**

4 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5 My name is Ted M. Hankins. My business address is 100 CenturyTel Drive, Monroe,
6 LA 71203.

7 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING DIRECT TESTIMONY?**

8 A. I am submitting direct testimony on behalf of CenturyTel of Missouri, LLC and Spectra
9 Communications Group, LLC, collectively referred to herein as "CenturyTel."

10 **I.**

11 **BACKGROUND**

12 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

13 A. I am currently employed by CenturyTel Services Group, LLC as Director – Economic
14 Analysis. I have held this position since April 2005.

15 **Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR – ECONOMIC**
16 **ANALYSIS?**

17 A. I am primarily responsible for all regulated Pricing activity, including Regulated
18 Products, Bundles, Expanded/Optional Calling Plans, TELRIC pricing, Access Reform,
19 and USF analysis. I also assist the Regulatory team on both Federal and State financial
20 related issues.

21 **Q. PLEASE DESCRIBE YOUR EXPERIENCE IN THE TELECOMMUNICATIONS**
22 **INDUSTRY BEFORE BECOMING DIRECTOR – ECONOMIC ANALYSIS.**

23 A. I began my career in the telephone industry with CP National Corporation in February
24 1980 and worked there until March 1988. In those eight years with CP National
25 Corporation, I held jobs ranging from Fixed Asset Accounting Assistant, Separations,
26 Toll Control to Carrier Access Billing Administrator and had varying responsibilities that

1 included the completion of Cost Separation Studies, the development of Carrier Access
2 Billing rates, monthly Toll and Optional Call plan billing, and monthly Carrier Access
3 Billing. In March 1988, I began my employment with TDS Telecom in the Settlements
4 and Regulatory area, where I worked until November 1995. While working in the
5 Settlements and Regulatory area for TDS Telecom, my primary responsibilities included
6 assisting in the formulation and implementation of company policy to maximize toll and
7 access revenues on an intrastate basis and promoting both the short and long run interest
8 of the local TDS operating companies before regulatory bodies, connecting companies
9 and other agencies on matters pertaining to earnings; separations and settlements; public
10 policy development; cost and pricing; and related financial and regulatory issues. I then
11 joined GVNW Inc., which is a Telecommunications Consulting firm that provides
12 services to smaller rural Local Exchange Carriers. I started as a Telecommunications
13 Consultant and then moved into the Operations Manager position for a Long Distance
14 Toll Consortium to which GVNW provided managerial oversight until February 1999. In
15 1999, I joined CHR Solutions as Assistant Director-Regulatory Services. In that
16 capacity, I was responsible for representing clients on federal and state regulatory issues.
17 I participated on a number of various industry groups representing client positions and
18 assisted clients in providing information on regulatory reporting requirements and
19 providing client updates on regulatory issues. In July 2001, I began my employment with
20 CenturyTel in Monroe, Louisiana as Director State Government Relations. While
21 serving as Director State Government Relations, my primary job responsibilities
22 included: being current on all State Commission rules, policies and orders affecting the
23 State Operations and advising the appropriate departments as required; intervening,

1 providing comments, or participating in open dockets as required in order to support the
2 CenturyTel position; ensuring that accurate and updated tariffs are filed and approved by
3 the appropriate Commission; and ensuring that all required state reports and applications
4 are accurate and filed on a timely basis. In 2005, I moved into my current position as
5 Director – Economic Analysis.

6 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL EXPERIENCE.**

7 A. I received my Bachelor of Science Degree in Business Administration from the
8 California State University - Chico in December 1979. I have completed additional
9 course work toward a Master's of Business Degree.

10 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY TO A REGULATORY**
11 **AGENCY?**

12 A. Yes. I have presented testimony before state commissions in Alabama, Arkansas,
13 Indiana, Missouri, Michigan, and Oklahoma relating to Local Rate development, Access
14 Reform, USF and ETC Certification proceedings, and Certification of a Toll Reseller.

15 **II.**
16 **OVERVIEW**

17 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

18 A. Among the many disputed issues the parties present to the Commission for resolution in
19 this arbitration proceeding are critical disputes relating to the appropriate recurring and
20 non-recurring rates that CenturyTel may charge Socket for UNEs and other associated
21 elements and services. While Ken Buchan addresses the disputes addressing recurring
22 rates (*i.e.*, recurring monthly charges Socket must pay) and annual charge factors, I focus
23 on the parties' disputes regarding the appropriate non-recurring rates.

- 24 • First, I demonstrate that the Commission should adopt the UNE non-recurring
25 charges ("NRCs") that CenturyTel advocates. Specifically, CenturyTel advocates

1 that the Commission adopt the GTE-based NRCs that are part of Commission-
2 approved CenturyTel interconnection agreements in Missouri (*e.g.*, Interconnection
3 Agreement between CenturyTel of Missouri and Charter Fiber Link).

- 4 • Second, in conjunction with other witnesses, I demonstrate that the Commission
5 should not adopt Socket's proposed UNE NRCs, which are taken from the existing
6 SBC-Socket agreement, because they do not serve as an adequate proxy for
7 CenturyTel's non-recurring costs, thereby precluding CenturyTel its Federal
8 Telecommunications Act-compliant cost recovery.
- 9 • Third, CenturyTel makes a clear and compelling case through other witnesses that
10 the Commission should not order CenturyTel to develop and implement the
11 electronic OSS that Socket demands in its proposed Article XIII. At the same time,
12 to provide evidence in the event that the Commission reach the improbable
13 conclusion that CenturyTel must develop and implement such a system, I have
14 prepared a study regarding (and this testimony advocates) an analysis and
15 methodology to determine lawful UNE NRCs for wholesale service in Missouri.

16 As I explain, while CenturyTel would otherwise be willing to accept the existing
17 GTE-based UNE NRCs contained in its Commission-approved interconnection
18 agreements, Socket's demands for development and implementation of an electronic
19 OSS, which is estimated at a total system-wide cost to CenturyTel of more than \$16
20 million, necessitate adoption of higher UNE NRCs to provide adequate cost
21 recovery.

1 **Q. ARE YOU PROVIDING ANY SCHEDULES WITH YOUR DIRECT**
2 **TESTIMONY?**

3 A. Yes, the following four Proprietary Schedules are being provided with my direct
4 testimony:

- 5 • Schedule TMH-1: Alternative UNE NRCs Assuming Electronic OSS
- 6 • Schedule TMH-2: Electronic OSS UNE NRC Comparative Analysis
- 7 • Schedule TMH-3: Comparison of SBC NRCs to Alternative UNE NRCs Assuming
8 Electronic OSS
- 9 • Schedule TMH-4: Charges for Operator Services and Directory Assistance.

10 **III.**
11 **NON-RECURRING CHARGES**

12 **Q. WHAT ARE NON-RECURRING COSTS?**

13 A. Speaking generally, non-recurring costs are the forward-looking one-time costs
14 associated with resources used to provide network elements. For example, when Socket
15 places an order for a UNE, CenturyTel is required to perform certain tasks on a one-time
16 basis to facilitate provisioning of the ordered UNE to Socket. In that case, CenturyTel
17 assesses a UNE non-recurring charge ("NRC") to Socket based on the non-recurring cost.

18 **A. All else being equal, the Commission should adopt the GTE-based UNE**
19 **NRCs from the existing Commission-approved CenturyTel agreements.**

20 **Q. WHAT UNE NRCS DOES CENTURYTEL PROPOSE IN THIS PROCEEDING?**

21 A. Setting aside the issue of Socket's demand that CenturyTel should implement an
22 electronic OSS, which is inappropriate, CenturyTel proposes utilizing the GTE-based
23 NRCs from existing CenturyTel agreements this Commission has approved (e.g.,
24 Interconnection Agreement between CenturyTel of Missouri and Charter Fiber Link). In

1 other words, assuming the Commission properly denies Socket's electronic OSS demand,
2 it should adopt those existing CenturyTel NRCs.

3 **Q. WHY IS CENTURYTEL ADVOCATING ADOPTION OF THOSE UNE NRCs?**

4 A. Basically, CenturyTel proposes existing GTE-based NRCs as a reasonable proxy for
5 CenturyTel's non-recurring UNE costs. In part, this is due to the fact that the Missouri
6 Commission has not required the CenturyTel companies in Missouri to establish cost-
7 based rates through a Cost Docket as a result of the GTE properties acquisition, and no
8 other CLEC up to this point had requested Company-specific cost based rates. As a
9 result, given the time constraints of this proceeding and Socket's unwillingness to
10 sufficiently extend the schedule to permit development of CenturyTel-specific costs and
11 resulting rates, CenturyTel sought an adequate proxy. Based on the relatively low level
12 of wholesale activity in Missouri and the current systems that are in place to provision
13 wholesale services, as well as the fact that these NRCs are contained in Commission-
14 approved ICAs between CenturyTel and other CLECs, CenturyTel initially took the
15 position that it could accept the GTE-based UNE NRCs. They were, after all, Missouri-
16 specific and previously approved by this Commission in other CenturyTel
17 interconnection agreements. Further, CenturyTel subsequently acquired certain GTE
18 assets in Missouri and the parties here agreed to operate under those GTE UNE rates for
19 some time. The areas CenturyTel currently serves and demand characteristics are
20 sufficiently similar to the then-existing GTE service areas and service/demand
21 characteristics upon which the GTE UNE NRCs were based to render those UNE
22 NRCs—at least on an interim basis—a reasonable proxy for CenturyTel's in this
23 proceeding. Socket, after all, has also agreed to adopt GTE monthly recurring rates,
24 suggesting that they are a reasonable proxy for CenturyTel costs and rates.

1 **Q. WHY ARE THOSE GTE-BASED UNE NRCS APPROPRIATE?**

2 A. As outlined above, CenturyTel has concluded that, absent a CenturyTel-specific NRC
3 cost study, the GTE-based UNE NRCS are an adequate, reasonable proxy for
4 CenturyTel's forward-looking non-recurring costs. Moreover, those UNE NRCS are
5 contained in existing CenturyTel ICAs with other CLECs that this Commission has
6 approved under Section 252 of the FTA. The proposed UNE NRCS are
7 nondiscriminatory, reasonable, and consistent with the public interest.

8 **Q. SHOULD THE COMMISSION ADOPT THE GTE-BASED UNE NRCS**
9 **CONTAINED IN COMMISSION-APPROVED CENTURYTEL**
10 **INTERCONNECTION AGREEMENTS?**

11 A. With a critical qualification, yes it should. As other CenturyTel witnesses demonstrate
12 (*i.e.*, Guy Miller, Maxine Moreau, and Carla Wilkes), the Commission should reject
13 Socket's demand that CenturyTel develop and implement an electronic OSS. Assuming
14 the Commission properly rejects Socket's demand in that respect, it should order
15 adoption of the GTE-based UNE NRCS.

16 **B. Socket's proposed SBC-based UNE NRCS are inappropriate.**

17 **Q. DOES SOCKET PROPOSE UNE NRCS IN THIS PROCEEDING THAT ARE**
18 **DIFFERENT FROM THOSE PROPOSED BY CENTURYTEL?**

19 A. Yes, Socket proposes UNE NRCS, as set forth in its Attachment to Article VII Appendix
20 -NRCS.xls, that differ substantially from CenturyTel's proposed UNE NRCS.

21 **Q. ARE YOU FAMILIAR WITH THE METHODOLOGY SOCKET USED TO**
22 **DEVELOP ITS PROPOSED NRCS?**

23 A. Yes, I am. Based on my review of Socket's proposed Article VII - Appendix UNE
24 Pricing, the attachments to that Appendix, and Socket's response to CenturyTel data
25 requests, it is my understanding that Socket's proposed UNE NRCS, rather than being

1 based on any CenturyTel-specific study or analysis, are simply taken from the
2 Interconnection Agreement between Socket and SBC Missouri.

3 **Q. IN YOUR OPINION, IS THAT METHODOLOGY APPROPRIATE?**

4 A. It is not appropriate in this proceeding. As Dr. Avera and Guy Miller explain,
5 CenturyTel is not SBC; the CenturyTel companies have different costs. As such, unless
6 there is a showing of comparability, it should be treated differently. Moreover, not only
7 do underlying costs differ, but even if the costs are the same, proper application of the
8 FCC's TELRIC methodology may result in different TELRIC costs. Indeed, this
9 Commission recognized this basic principle as far back as 1997, when it commented that
10 "TELRIC is a concept, not a defined algorithm, therefore different companies would be
11 expected to produce different TELRIC costs if the total costs were identical." While it
12 may be convenient—and sometimes appropriate, depending on the circumstances—to
13 "borrow" UNE NRCs from other interconnection agreements, it is not appropriate to
14 adopt SBC's UNE NRCs.

15 **Q. HOW SHOULD THE COMMISSION APPROACH SOCKET'S PROPOSED UNE**
16 **NRCS IN LIGHT OF ITS METHODOLOGY FOR DEVELOPING THOSE UNE**
17 **NRCS?**

18 A. In my opinion, the methodological flaw in Socket's development of UNE NRCs—that is,
19 its failure to provide analysis of CenturyTel-specific costs or comparability to SBC
20 costs—is fatal to Socket's proposal. The Commission should reject Socket's proposed
21 UNE NRCs.

22 **Q. DO YOU HAVE ANY OTHER CONCERNS WITH SOCKET'S PROPOSED UNE**
23 **NRCS?**

24 A. Yes. The UNE NRCs proposed by Socket, basically SBC rates, will not cover
25 CenturyTel's projected cost of providing service nor the identified cost of implementing a

1 CenturyTel-specific electronic OSS back office system based on the current demand level
2 of non-recurring activity. Those UNE NRCs are based on SBC's cost (including SBC
3 fully-loaded labor rates, SBC tasks and systems, SBC task times, and SBC-based
4 probabilities of occurrence for anticipated tasks) and SBC's demand levels of
5 non-recurring activity, all of which may be much different than those of CenturyTel. As
6 a result, Socket's UNE NRCs fail both methodologically and because they do not reflect
7 CenturyTel's costs and ensure cost recovery.

8 **Q. ARE YOU SAYING THE SBC UNE NRCS ARE NOT AN APPROPRIATE**
9 **PROXY FOR CENTURYTEL?**

10 A. Yes, regardless of the OSS issue, without a showing of comparability as to service areas,
11 demand, and underlying costs, Socket's proposed UNE NRCs are inappropriate for
12 CenturyTel. Among other things, the areas SBC serves, along with its cost and demand
13 characteristics are sufficiently different from those of the former GTE in Missouri, and
14 CenturyTel now, that the SBC UNE NRCs are not an appropriate proxy for either GTE or
15 CenturyTel. As a result of the CenturyTel acquisition of the Missouri GTE assets, as
16 well as the comparability of operations in Missouri, the GTE UNE NRCs would be more
17 appropriate as a proxy for CenturyTel than those of SBC.

18 **C. In the alternative, if the Commission compels CenturyTel to implement**
19 **electronic OSS, UNE NRCs must be higher to ensure cost recovery.**

20 **Q. DOES CENTURYTEL ADVOCATE ADOPTION OF UNE NRCS IN EXCESS OF**
21 **THOSE PREVIOUSLY DEVELOPED BY GTE?**

22 A. Only if the Commission compels CenturyTel to implement electronic OSS, as Socket
23 demands. As I mentioned above, CenturyTel's starting point is to use the existing GTE
24 UNE NRCs as a reasonable proxy for CenturyTel's forward-looking UNE NRCs. But
25 because Socket demands implementation of electronic OSS, which may cost CenturyTel,

1 system-wide, a minimum of \$16 million to develop and implement, and because
2 CenturyTel is entitled to cost recovery, CenturyTel developed alternative UNE NRCs.
3 Among other things, the substantial anticipated cost of the electronic OSS Socket
4 demands forced CenturyTel to develop rates based on CenturyTel's actual costs and level
5 of wholesale demand in Missouri. As a result, CenturyTel developed CenturyTel-
6 specific UNE NRCs. In Schedule TMH-1 to this testimony, I set forth the alternative
7 UNE NRCs CenturyTel is proposing in the event it is required to implement electronic
8 OSS.

9 **Q. WHAT METHOD DID CENTURYTEL USE TO DETERMINE ITS PROPOSED**
10 **ALTERNATIVE UNE NRCS?**

11 A. CenturyTel has completed a "Comparative Analysis" to calculate CenturyTel-specific
12 Missouri non-recurring rates based on the approved SBC rates proposed by Socket. This
13 type of analysis is a recognized approach by the industry to adjust existing rates based on
14 a Company's specific cost. A copy of that study is attached to this testimony as Schedule
15 TMH-2.

16 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY A "COMPARATIVE ANALYSIS"?**

17 A. Among other valid costing methodologies, a "Comparative Analysis" methodology
18 assumes that the functions to provide the service and associated cost have been identified,
19 and that the proposed rates are TELRIC-based as a starting point. Those rates are then
20 adjusted up or down based on a Company's specific cost and demand levels to calculate
21 Company specific rates.

22 **Q PLEASE DESCRIBE THE SPECIFIC METHODOLOGY CENTURYTEL**
23 **UTILIZED TO PERFORM ITS "COMPARATIVE ANALYSIS"?**

24 A. CenturyTel started with the proposed Socket NRCs, utilized CenturyTel's estimated
25 electronic OSS costs grossed up according to normal rate making guidelines, apportioned

1 OSS costs to Missouri, considered Socket's anticipated forward-looking order volumes,
2 and adjusted the NRCs accordingly to spread the OSS costs across those anticipated order
3 volumes.

4 **Q. WHY DID CENTURYTEL'S COMPARATIVE ANALYSIS START WITH THE**
5 **SBC RATES SOCKET PROPOSES, RATHER THAN THE GTE UNE NRCs?**

6 A. Although Socket has not shown that the SBC UNE NRCs are a reasonable proxy for
7 CenturyTel's non-recurring costs, the GTE UNE NRCs do not precisely track category-
8 by-category with the SBC NRCs contained in the rate sheet Socket proposes. CenturyTel
9 used those SBC NRCs as the starting point for its Comparative Analysis to maintain the
10 categories of service that Socket proposes. In short, to present an administratively
11 workable proposal focusing on the specific categories of UNE NRCs raised by Socket,
12 CenturyTel utilized those categories and those UNE NRC rates(*i.e.*, SBC UNE NRCs) as
13 the starting point for its Comparative Analysis.

14 **Q. WHAT DATA WERE USED TO CONDUCT THE STUDY?**

15 A. To perform the Comparative Analysis, CenturyTel utilized the SBC NRCs and
16 CenturyTel's forward looking demand for Socket, along with actual CenturyTel Missouri
17 specific Non-Recurring demand quantities on a forward looking basis and the anticipated
18 cost to implement a CenturyTel-specific electronic OSS back office system as the basis
19 for the proposed CenturyTel UNE NRCs.

20 **Q. HOW DID CENTURYTEL DEVELOP THE SPECIFIC NON-RECURRING**
21 **DEMAND QUANTITIES?**

22 A. CenturyTel's first step was to review the billing for UNEs and UNE Non-recurring
23 Charges for the 12 months ending February 2006. Then, CenturyTel determined and
24 projected the number of additions and disconnects on a forward-looking basis for the
25 following 12 months. During the period under review, Socket was billed for * _____

1 _____*UNE loops from
2 CenturyTel. CenturyTel forecasted that Socket will purchase another * _____
3 _____.* In effect, because
4 Socket failed to provide forecasts or anticipated order volumes in response to
5 CenturyTel's data request for projected demand quantities, CenturyTel is making a
6 reasonable forward-looking estimate of order volume by doubling Socket's services on a
7 forward looking basis. This same process was used to determine the demand for the
8 other CLECs who are doing business with CenturyTel in Missouri.

9 **Q. HOW DID CENTURYTEL DEVELOP THE ANTICIPATED COST TO**
10 **IMPLEMENT ELECTRONIC OSS?**

11 A. As I understand it, CenturyTel investigated, on a system-wide basis, the required
12 upgrades to its CSR Functionality, LSR Ordering, Trouble Reporting, ASR Automation,
13 along with OSS training documentation and Project Management and Business Analysis.
14 As a result, out-of-pocket costs were calculated to implement the electronic OSS over
15 two years. CenturyTel witness Carla Wilkes testifies to greater length on this point in her
16 Direct Testimony.

17 **Q. DID CENTURYTEL ALLOCATE THE TOTAL COST OF THE ELECTRONIC**
18 **OSS SYSTEM TO MISSOURI?**

19 A. No, only an allocated portion of the electronic OSS cost went to CenturyTel companies in
20 Missouri, based on total UNE demand from all CenturyTel operating companies

21 **Q. WHY DID CENTURYTEL USE THAT METHODOLOGY FOR**
22 **APPORTIONING ELECTRONIC OSS COSTS?**

23 A. The reason that CenturyTel used this methodology was to appropriately allocate the
24 electronic OSS cost based on the Wholesale customers that would be utilizing the system.
25 In other words, the analysis only allocated portion of the overall OSS cost based on the

1 reasonably anticipated Missouri-specific demand as a percentage of all Wholesale
2 customers for CenturyTel—CenturyTel is not attempting to recover the entire cost of the
3 electronic OSS development and implementation from CLECs in Missouri, only a pro
4 rata portion based on expected demand in Missouri.

5 **Q. WHAT RECOVERY PERIOD DOES CENTURYTEL PROPOSE FOR THE OSS?**

6 A. CenturyTel utilized a ten-year recovery period based on CenturyTel practice of
7 attempting to recover these OSS type of expenditures over a reasonable time frame.
8 Moreover, I understand that the FCC's Wireline Competition Bureau similarly used a
9 ten-year period for recovery of certain OSS-related costs in the Verizon Virginia
10 arbitration.

11 **Q. HOW DO CENTURYTEL'S PROPOSED UNE NRCS RESULTING FROM THIS**
12 **COMPARATIVE ANALYSIS COMPARE TO SOCKET'S PROPOSED NRCS?**

13 A. CenturyTel's proposed UNE NRCs are significantly higher than the SBC NRCs proposed
14 by Socket. The comparison of SBC NRCs to CenturyTel's proposed UNE NRCs is
15 reflected in Schedule TMH-3, attached to my testimony.

16 **Q. EXPLAIN WHY CENTURYTEL'S UNE NRCS ARE HIGHER THAN WHAT**
17 **SOCKET HAS PROPOSED.**

18 A. The primary explanation for CenturyTel UNE NRCs being higher than the SBC rates
19 Socket proposes is the difference in relative cost structures and the level of Non-
20 Recurring demand between the two companies. In other words, a primary driver of the
21 NRC differential is the fact that SBC is able to recover its cost over a much larger
22 number of NRC demand quantities, which generates a much lower unit cost than what
23 CenturyTel would be able to offer.

1 **Q. DOES CENTURYTEL'S COMPARATIVE ANALYSIS STUDY REASONABLY**
2 **IDENTIFY THE FORWARD-LOOKING UNE NRCS FOR CENTURYTEL IN**
3 **MISSOURI?**

4 A. Yes, given the cost to implement the electronic OSS and the low level of wholesale
5 demand.

6 **Q. WOULD CENTURYTEL'S PROPOSED UNE NRCS CHANGE IF IT WERE NOT**
7 **REQUIRED TO IMPLEMENT THE ELECTRONIC OSS SOCKET DEMANDS?**

8 A. Yes, they would. In fact, as I explain above, CenturyTel would be willing to accept the
9 GTE-based NRCs if it is not required to develop and implement the electronic OSS
10 Socket demands in Article XIII.

11 **Q. DO SOCKET'S PROPOSED NRCS REFLECT CENTURYTEL'S ACTUAL OR**
12 **ANTICIPATED NON-RECURRING COSTS?**

13 A. No. Socket's SBC-based NRCs are not applicable to CenturyTel and do not afford
14 CenturyTel cost recovery, especially given the cost to implement the electronic OSS and
15 the low level of wholesale demand.

16 **Q. WHEN DO NON-RECURRING LINE CONDITIONING CHARGES APPLY?**

17 A. CenturyTel proposes Line Conditioning NRCs that are consistent with those proposed by
18 Socket. These rates fairly represent CenturyTel's cost to apply line conditioning on loops
19 greater than 12,000 feet, as referenced in Mike Elford's testimony and the way in which
20 Missouri has engineered its network over time.

21 **Q. WHAT ARE THE CENTURYTEL PROPOSED RATES FOR DIRECTORY**
22 **ASSISTANCE AND OPERATOR SERVICES?**

23 A. The rates that CenturyTel is proposing for Directory Assistance and Operator Services
24 are identified in Schedule TMH-4.

1 **Q. WHAT SHOULD THE COMMISSION DO ABOUT THE COMPETING NRC**
2 **PROPOSALS?**

3 A. Exercising sound judgment and consistent with prevailing economic and regulatory
4 principles, the Commission should reject Socket's proposed NRCs, which are completely
5 divorced from CenturyTel's actual or expected costs. Instead, the Commission should
6 reject Socket's OSS demand and adopt the GTE-based NRCs contained in CenturyTel's
7 existing Commission-approved ICAs with other CLECs. In the alternative, if the
8 Commission determines that CenturyTel should establish its Missouri-specific UNE
9 NRCs, it should adopt those GTE-based NRCs on an interim basis subject to true-up.

10 In the event that the Commission compels CenturyTel to implement electronic
11 OSS, it should adopt CenturyTel's proposed alternative UNE NRCs, which are
12 representative of the actual non-recurring costs CenturyTel may expect to incur in
13 Missouri for the specific UNEs Socket may order.

14 **Q. DOES THAT COMPLETE YOUR TESTIMONY?**

15 A. Yes, it does.

16