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Service Commission

Exhibit No.:

Issue(s): Article VI (Resale)

Witness: Arthur P. Martinez

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

ARTHUR P. MARTINEZ

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

CASE NO. TO-2006-0299

Exhibit No. 11

Case No(s) TO-2006-0299

Date 4-12-06 Rptr KF

OF THE STATE OF MISSOURI

PETITION OF SOCKET TELECOM, LLC)
FOR COMPULSORY ARBITRATION OF)
INTERCONNECTION AGREEMENTS)
WITH CENTURYTEL OF MISSOURI, LLC)
AND SPECTRA COMMUNICATIONS, LLC)
PURSUANT TO SECTION 252(b)(1) OF)
THE TELECOMMUNICATIONS ACT OF)
1996)

CASE NO. TO-2006-0299

STATE OF MISSOURI

COUNTY OF COLE

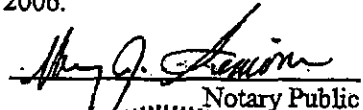
AFFIDAVIT OF ARTHUR P. MARTINEZ

I, Arthur P. Martinez, of lawful age and being duly sworn, state:

1. My name is Arthur P. Martinez. I am presently Director of Government Relations in Missouri for CenturyTel Service Group, LLC.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.


Arthur P. Martinez

Subscribed and sworn to before this 20th day of March, 2006.


Notary Public

My Commission expires: July 8, 2008

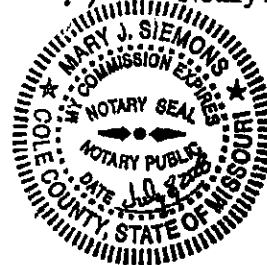


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**DIRECT TESTIMONY OF
ARTHUR P. MARTINEZ**

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

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Arthur P. Martinez. My business address is 220 Madison Street, Jefferson City, Missouri 65101.

Q. ON WHOSE BEHALF ARE YOU SUBMITTING DIRECT TESTIMONY?

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

**I.
BACKGROUND**

Q. PLEASE STATE YOUR CURRENT JOB TITLE AND IDENTIFY ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am the Director of Government Relations for CenturyTel of Missouri, LLC and Spectra Communications Group, LLC d/b/a CenturyTel, and I am testifying on behalf of both entities in this proceeding, to which I will collectively refer as "CenturyTel" unless distinguishing between the two is necessary for context.

Q. PLEASE DESCRIBE YOUR PRIMARY RESPONSIBILITIES AS DIRECTOR OF GOVERNMENT RELATIONS FOR CENTURYTEL.

A. As CenturyTel's Director of Government Relations, I oversee both regulatory and legislative affairs in the State of Missouri.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS/REGULATORY EXPERIENCE.

A. I graduated from New Mexico State University with a Bachelor of Business Administration with a major in Managerial Finance and a Masters of Arts Degree in

1 Economics with an emphasis in Regulatory Economics. I began my telecommunications
2 career in 1993 as a staff member with the Telecommunications Division of the New
3 Mexico State Corporation Commission ("NMSCC").¹ After leaving the NMSCC, I
4 worked for two independent rural telephone companies in positions ranging from
5 Operations Manager to that of General Manager; my duties at both companies included
6 regulatory and legislative affairs. I have been employed by CenturyTel for four years,
7 working first in Colorado and now in Missouri. I previously have testified in a number of
8 regulatory proceedings before this Commission.

9 **II.**
10 **PURPOSE OF TESTIMONY**

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 **A.** The purpose of my testimony is to address two Resale-related issues in dispute in
13 Article VI. With respect to these disputed issues, the purpose of my testimony is more
14 specifically to present and further support the evidence that CenturyTel's positions are
15 reasonable and in compliance with the interconnection requirements of Section 251 and
16 Section 252 of the federal Telecommunications Act of 1996 (FTA). The specific issues I
17 will address are as follows:

- 18 • Issue No. 7 - Sec. 3.7: Should the avoidable cost discount apply to non--recurring
19 rates?
- 20 • Issue No. 14 - Sec. 6.0: Should CenturyTel be required to provide Socket 45-Day
21 notice of any tariff changes?

¹ In 1999 the New Mexico State Corporation Commission was combined with the New Mexico Public Utilities Commission to form the New Mexico Public Regulation Commission.

III.
ARTICLE VI DISPUTED ISSUES

Q. WILL YOU BE ADDRESSING ALL ASPECTS OF ALL DISPUTED ISSUES IN ARTICLE VI?

A. No. I will address only those issues identified above. Another CenturyTel witness, Pam Hankins, will address Article VI, Issue 23 (Sec. 10.0 *et seq.*) in her testimony. The other remaining disputed issue in Article VI, Issue 34, pertains to the proper avoided cost discount to be applied to resold services under the Agreement and will be addressed by CenturyTel's cost witness, Ken Buchan.

ISSUE 7 (Sec. 3.7): Should the avoided cost discount apply to Non Recurring Charges (NRCs)?

Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE PARTIES' DISPUTE IN ISSUE 7.

A. Socket asserts that the avoided cost discount (or "wholesale discount") applies to CenturyTel's NRC-priced retail services. CenturyTel agrees that Socket may resell these NRC-priced services; however, CenturyTel does not agree that the avoided cost discount applies to them. The parties' proposed Sections 3.7 respectively set forth their disputed positions.

Q. WHY SHOULD THE AVOIDED COST DISCOUNT NOT BE APPLIED TO NRCS?

A. Non-recurring charges are direct costs, such as labor, that are directly attributable to the execution of the service being ordered by a particular customer. A Service Order Charge is a good example of a direct cost. The rate CenturyTel may assess its customers for a Service Order Charge is primarily developed based on the average time a particular customer service representative spends entering an order in the Company's service order

1 system. Direct costs contain few if any overhead costs, such as administrative and
2 marketing expenses, which is what the avoided cost discount is intended to capture.

3 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

4 A. The Commission should adopt CenturyTel's proposed Section 3.7. That section
5 appropriately specifies that no resale discount applies to NRCs. As discussed above,
6 such NRCs contain very little, if any, avoided costs and should not be discounted for
7 resale by Socket. To the extent any costs are avoided on such NRCs, they are not the
8 same costs avoided for resold services for which a monthly recurring charge applies.
9 Therefore, while no avoided cost discount should be applied to NRCs, if the Commission
10 determines otherwise, it should not be the same avoided cost discount as applies to retail
11 services priced with monthly recurring charges (MRCs).

12 **ISSUE 14 (Sec. 6.0 & 6.1): Should CenturyTel be required to provide**
13 **Socket with forty-five (45) days advanced notice of any changes in the**
14 **terms and conditions under which CenturyTel offers**
15 **telecommunications services to its customers?**

16 **Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE PARTIES' DISPUTE**
17 **IN ISSUE 14?**

18 A. In its proposed Section 6.1, Socket proposes that CenturyTel be required to notify it at
19 least 45 days in advance of any changes in the terms and conditions under which it offers
20 telecommunications services. According to Socket, such changes would include, but not
21 be limited to, the introduction or discontinuation of services and/or promotional
22 offerings. CenturyTel's position on this issue is that it is not required under applicable
23 law to provide such advanced notice, particularly not 45 days advanced notice. In order
24 to change the terms and conditions under which it offers telecommunications services to
25 retail customers, CenturyTel necessarily must file tariffs. Socket's proposal is potentially
26 problematic as it purports to require CenturyTel to provide notice to Socket before it

1 provides notice to the Commission of such changes. Moreover, the burden placed on
2 CenturyTel by such a notice requirement is unreasonable in light of the fact that Socket
3 undoubtedly would use such information solely for its own marketing purposes.

4 **Q. WHY IS SOCKET'S PROPOSED 45-DAY ADVANCED NOTICE OF CHANGES**
5 **UNREASONABLE?**

6 A. Socket's attempt to impose a blanket forty-five day advanced-notice-of-change obligation
7 on CenturyTel is unworkable given the varying Commission timelines applicable to filing
8 tariff changes, a process CenturyTel is required to go through in order for any such
9 changes to become effective. Aside from that, CenturyTel simply is not required by
10 applicable law to provide Socket with this type of information, which clearly is intended
11 to be used by Socket as "marketing" information.

12 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMMISSION'S CURRENT**
13 **TIMELINES APPLICABLE TO FILING TARIFF CHANGES?**

14 A. CenturyTel is currently regulated under two regimes in Missouri. Under one regime,
15 applicable to CenturyTel's price cap exchanges, CenturyTel may adjust its maximum
16 allowable rates every twelve months. For new services or changes to rates at or below
17 the maximum allowable rates, CenturyTel must file a tariff providing thirty (30) days
18 notice to customers. See Section 392.220.2 RSMo (2005). CenturyTel has several
19 competitive exchanges as well that are subject to different tariff filing requirements.

20 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMMISSION'S CURRENT**
21 **TIMELINES APPLICABLE TO CENTURYTEL'S FILINGS OF TARIFF**
22 **CHANGES IN COMPETITIVE EXCHANGES?**

23 A. Missouri statute Section 392.500 RSMo (2005) allows competitive carriers to file an
24 increase in rates on ten (10)-days notice to both the affected customers and the
25 Commission. Competitive carriers may file a rate decrease with a one (1)-day notice.

1 Q. HOW DO THESE VARYING TARIFF FILING REQUIREMENTS MAKE
2 PROVIDING A 45-DAY ADVANCE NOTICE OF CHANGE TO SOCKET
3 PROBLEMATIC.

4 A. With tariff filing requirements that range from 1 to 30 days notice to customers, it may
5 very well be impossible for CenturyTel to provide 45 days of advanced notice to Socket.
6 For example, where CenturyTel files a tariff change on one day's notice—for example, in
7 the case of a rate decrease—it is entirely possible that CenturyTel would not have
8 finalized a decision to file such a change as far as 45 days before the change is intended
9 to take effect, making compliance with Socket's proposed 45-day notice requirement
10 impossible. Adopting Socket's language in Section 6.1 is inviting a situation where
11 CenturyTel could be found in breach of the provision under circumstances beyond its
12 control. In addition, being required to notify Socket 45-days in advance of a change in
13 services may unreasonably delay CenturyTel's ability to file tariff changes when it needs
14 to. For example, if CenturyTel must file a tariff to provide 30-days notice to its
15 customers of a change, Socket's proposal would require CenturyTel to provide Socket
16 with notice 15 days prior to the filing (in other words, 45-days before the change
17 becomes effective). If the tariff proposing the change is not finalized 15 days prior to its
18 filing, then under Socket's proposal, CenturyTel would have to wait until a later date to
19 file the tariff just in order to comply with the Socket's demand for advanced notification.
20 Socket should not be permitted to unreasonably interfere with CenturyTel's business and
21 its decision as to when it may file tariffs. Put another way, Socket's unreasonable notice
22 requirement should not dictate the timing of CenturyTel's business decisions as to when
23 to file tariff changes. Moreover, there is no legitimate reason why CenturyTel should be
24 required to provide Socket with more advanced notice of changes in service than
25 CenturyTel actually provides to its own customers or the Commission. The only reason

1 Socket demands such advanced notice is so that it can use the information to "market" its
2 own services. However, there is nothing in the FTA, the FCC's rules or any other
3 applicable law that requires CenturyTel to make special provision to assist Socket's
4 marketing efforts.

5 **Q. HOW MUCH ADVANCED NOTICE OF CHANGES IN SERVICES SHOULD**
6 **CENTURYTEL PROVIDE TO SOCKET?**

7 A. When CenturyTel changes the terms and conditions under which it offers
8 telecommunications services to its customers, Socket should be entitled to no more notice
9 than provided to CenturyTel's customers and the Commission. Specifically, tariff filings
10 are publicly available, to CenturyTel's customers and to Socket. Socket should not be
11 entitled to better treatment.

12 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

13 A. Yes, it does.