Exhibit No.:
Issues: CCL Rates
Witness: Philip M. Garci
Sponsoring Party: MO PSC
Type of Exhibit: Rebuttal Testimony
Case No.: TT-2001-328

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

TESTIMONY

OF

PHILIP M. GARCIA

CASE NO. TT-2001-328

Jefferson City, Missouri
March, 2001

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

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REBUTTAL TESTIMONY

OF

PHILIP M. GARCIA

OREGON FARMERS MUTUAL TELEPHONE COMPANY

CASE NO. TT-2001-328

Q. Please state your name and business address.

A. Philip M. Garcia, P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity are you testifying today?

A. I am a research analyst in the Telecommunications Department of the Utility Operations Division, Missouri Public Service Commission (PSC or Commission).

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission from December 1995 to present.

Q. Please describe your education and professional background.

A. I have a Masters degree in International Studies from the University of Denver, Graduate School of International Studies, and an MBA from William Woods University.

Prior to employment with the PSC I worked for the Tax and Benefits Section of the Department of Economic Development. In that capacity I conducted various cost/benefit studies of tax incentive and other Economic Development programs.

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Q. What has been the nature of your duties while in the employ of the Commission?

A. I work primarily in the Rates and Tariffs Section reviewing tariffs, applications for certificates, and other filings from telecommunication companies.

Q. Have you previously filed testimony before the Commission?

A. Yes I have. The cases in which I previously have filed testimony are included as Schedule 1.

Q. What is the purpose of your Rebuttal Testimony in Case Number TT-2001-328?

A. The purpose of my Rebuttal Testimony in this case is to present the Telecommunications Department Staff's (Staff's) rate design proposal detailed as the highly confidential (HC) Schedule 2 of my Rebuttal Testimony.

Q. Does your testimony address the issue of the interim Common Carrier Line (CCL) rates subject to refund?

A. To a certain extent. According to Staff witness Steve M. Traxler of the Commission's Accounting Department, Oregon Farmers Mutual Telephone Company's (the Company or Oregon Farmers) revenues should be reduced by **_____**. This amount includes revenues derived from the CCL rates which were interim and subject to refund. Specifically the Company's originating and terminating CCL rates should be reduced to **_____** and **_____** respectively.

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Q. Will you address the issue of possible refund?

A. No, that issue is addressed by Staff witness Mr. William A Meyer's rebuttal testimony.

PROPOSED RATE DESIGN

Q. Since the Company was found to be earning in excess of a reasonable rate of return by the amount of **_____**, what is Staff's proposal?

A. Our rate design is a straight-forward reduction of CCL originating and terminating rates which would yield the required revenue reduction based on actual Calendar Year 2000 minutes of intrastate traffic. The Company's present originating and terminating rates are $0.046180 and $0.08173; our proposed reduced rates are **_____** and **_____** respectively.

Q. What were the results of these reduction?

A. The results of this reduction were as follows: at the present time, the Company inter and intraLATA intrastate CCL rates are at parity. The originating CCL rate is $0.046180 and the terminating CCL rate is $0.081730. Staff reduced these two rates to **_____** and **_____**. When these proposed rates are multiplied by the corresponding number of minutes of use for the 12-month period from January 2000 to December 2000, the result is a reduction in revenue equivalent to **_____**. The Commission's Accounting Department determined the Company is earning **_____** in excess of a reasonable rate of return.

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The specifics of the calculations can be seen in HC Schedule 2 of my rebuttal testimony.

Q. If the Commission accepts Staff's proposal, how would Oregon's access rates before and after Staff's proposed reduction compare to those of other Incumbent Local Exchange Carriers (ILECs) in Missouri?

A. Oregon's intraLATA access rates (including Local switching termination and transport) are presently 11th highest in Missouri. If the Commission orders the Company to implement Staff's proposed CCL rates, Oregon would drop from 11th highest to the **___** highest slot in intraLATA access rates ranking.

Q. Are these rankings derived by reviewing the Table 1 "Switched Access Rate Comparison off Incumbent Local exchange Carriers (ILECs)?"

A. Yes, my comparisons are based on that Table.

Q. Are you recommending any changes to other access charge elements such as transport, switching, and/or termination?

A. No, the proposed rates apply only to CCL charges, i.e.: intrastate inter and intraLATA originating and terminating minutes.

Q. Was consideration given to similar reductions in transport, switching, and/or termination?

A. Yes, this was considered; however the Company's switching, termination, and transport rates ($0.0118, $0.0149 and $0.0107 respectively) were very comparable to other ILECs; 23 other ILECS have the exact same

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switching and termination rates. Oregon's transport rate ($0.0107) is the 7th lowest among all ILECs. Therefore, Staff viewed reductions of CCL charges alone as appropriate.

Q. Were reductions to Oregon's local rates considered?

A. Yes, however as Table 2 shows, Oregon's basic local rates are $8 and $12 respectively for residential and commercial customers. Tom Solt of the Commission Staff, in Case No. TC-2001-402, provided testimony that in Missouri, average rates are $8.30 for residential service and $14.29 for business service. The Staff therefore views Oregon's rates of $8 and $12 as acceptable.

SUMMARY

Q. Would you please summarize your rebuttal testimony?

A. Yes. Staff proposes to reduce Oregon's CCL access rates in order to reduce annual CCL revenues by **_____**. This is equal to the Commission's Accounting Department Staff's excess earnings determination of **_____**.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

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COMMISSION PROCEEDING PARTICIPATION
Philip M. Garcia

Company	Case Number
Max-Tel Communications	TA-97-342
Missouri State Discount Telephone	TA-2000-20

SCHEDULE 1

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Schedule 2 is deemed highly confidential in its entirety.

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SWITCHED ACCESS RATE COMPARISON of INCUMBENT LOCAL EXCHANGE CARRIERS (ILECs)

*Sorted by Total IntraLATA Rates**

All figures in USA Dollars

IntraLATA Rate Order	Telephone Company	Carrier Common Line (CCL)						Local Switching	Line Term.	FGC&D Local	(2 x) LS2+LT+	TOTALS*	
		INTERLATA		INTRALATA								Inter-LATA	Intra-LATA*
		Originate	Terminate	Orig.(P)	Orig.(d)	Term.(P)	Term.(d)	LS2	LT	Transport	Transport		
1	Ellington Telephone	0.0380	0.0652	0.0610	0.0369	0.1045	0.0632	0.0118	0.0149	0.0273	0.1080	0.2112	0.2735
2	Steelville Telephone	0.0197	0.1152	0.0197		0.1152		0.0369		0.0189	0.1116	0.2465	0.2465
3	Northeast Missouri Rural Telephone	0.0526	0.0943	0.0526		0.0943		0.0118	0.0149	0.0189	0.0912	0.2380	0.2380
4	Peace Valley Telephone	0.0715	0.1226	0.0469		0.0804		0.0118	0.0149	0.0241	0.1016	0.2957	0.2288
5	Holway Telephone	0.0525	0.0884	0.0525		0.0884		0.0118	0.0149	0.0153	0.0840	0.2249	0.2249
6	Mid-Missouri Telephone	0.0708	0.0958	0.0407		0.0697		0.0118	0.0149	0.0281	0.1096	0.2762	0.2200
7	Ozark Telephone	0.0373	0.0891	0.0373		0.0891		0.0282	0.0049	0.0133	0.0927	0.2191	0.2191
8	Citizens Telephone	0.0445	0.0820	0.0445		0.0757		0.0268		0.0205	0.0946	0.2210	0.2148
9	Grand River Mutual Telephone	0.0682	0.1170	0.0418	0.0064	0.0717	0.0110	*0.0118*	*0.0149*	*0.0221*	*0.0976*	*0.2828*	*0.2111*
10	KLM Telephone	0.0446	0.0745	0.0446		0.0745		0.0118	0.0149	0.0155	0.0844	0.2035	0.2035
11	Oregon-Farmers Mutual Telephone	0.0462	0.0817	0.0462		0.0817		0.0118	0.0149	0.0107	0.0748	0.2027	0.2027
12	New Florence Telephone	0.0208	0.0357	0.0393	0.0250	0.0675	0.0429	0.0118	0.0149	0.0192	0.0918	0.1483	0.1986
13	Spectra Communications Group	0.0299	0.0714	0.0299		0.0714		0.0282	0.0049	0.0133	0.0927	0.1940	0.1940
13	BPS Telephone	0.0299	0.0714	0.0299		0.0714		0.0282	0.0049	0.0133	0.0927	0.1940	0.1940
13	Cass County Telephone	0.0299	0.0714	0.0299		0.0714		0.0282	0.0049	0.0133	0.0927	0.1940	0.1940
13	Modern Telecommunications	0.0299	0.0714	0.0299		0.0714		0.0282	0.0049	0.0133	0.0927	0.1940	0.1940
14	Sprint Missouri	0.0401	0.0758	0.0425		0.0765		0.0074	0.0155	0.0120	0.0698	0.1857	0.1888
15	Miller Telephone	0.0986	0.1690	0.0400	0.0017	0.0686	0.0029	0.0118	0.0149	0.0124	0.0782	0.3458	0.1868
16	Verizon Midwest	0.0251	0.0600	0.0251		0.0600		0.0282	0.0049	0.0133	0.0927	0.1779	0.1779
17	Mark Twain Rural Telephone	0.0492	0.0842	0.0329	0.0144	0.0564	0.0246	0.0118	0.0149	0.0139	0.0812	0.2146	0.1705
18	Farber Telephone	0.0335	0.0574	0.0263	0.0202	0.0451	0.0346	0.0118	0.0149	0.0226	0.0986	0.1895	0.1700
19	Granby Telephone	0.0317	0.0543	0.0350	0.0229	0.0600	0.0392	0.0118	0.0149	0.0106	0.0746	0.1606	0.1696
20	Green Hills Telephone	0.0147	0.0780	0.0147		0.0780		0.0118	0.0149	0.0100	0.0734	0.1661	0.1661
21	MoKan Dial	0.0842	0.1443	0.0332	0.0007	0.0569	0.0012	0.0118	0.0149	0.0112	0.0758	0.3043	0.1659
22	Le-Ru Telephone	0.0267	0.0457	0.0267		0.0457		0.0271	0.0000	0.0191	0.0924	0.1648	0.1648
23	Chariton Valley Telephone	0.0440	0.0754	0.0322	0.0180	0.0552	0.0309	0.0118	0.0149	0.0104	0.0742	0.1936	0.1616
24	IAMO Telephone	0.0254	0.0553	0.0254		0.0553		0.0118	0.0149	0.0137	0.0808	0.1614	0.1614
25	Orchard Farm Telephone	0.0468	0.0802	0.0361	0.0269	0.0619	0.0461	*0.0118*	*0.0149*	*0.0046*	*0.0626*	*0.1896*	*0.1606*
26	McDonald County Telephone	0.0267	0.0459	0.0267		0.0459		0.0270		0.0143	0.0826	0.1551	0.1551
27	ALLTEL Missouri	0.0489	0.0880	0.0237		0.0427		0.0267		0.0167	0.0867	0.2236	0.1530
28	Fidelity Telephone	0.0381	0.0381	0.0381		0.0381		0.0111	0.0051	0.0208	0.0740	0.1502	0.1502
29	Choctaw Telephone	0.0597	0.1022	0.0317	0.0074	0.0543	0.0127	0.0118	0.0149	0.0035	0.0604	0.2223	0.1464
30	Kingdom Telephone	0.0384	0.0659	0.0247	0.0038	0.0422	0.0065	0.0118	0.0149	0.0115	0.0764	0.1807	0.1433
31	Stoutland Telephone	0.0500	0.1538	0.0239		0.0407		0.0118	0.0149	0.0126	0.0786	0.2824	0.1432
32	Craw-Kan Telephone	0.0347	0.0595	0.0216	0.0017	0.0371	0.0029	0.0118	0.0149	0.0081	0.0696	0.1638	0.1283
33	Seneca Telephone	0.0192	0.0385	0.0192	0.0192	0.0385	0.0385	0.0179		0.0165	0.0688	0.1265	0.1265
34	Alma Telephone	0.0302	0.0518	0.0145	0.0024	0.0249	0.0041	0.0118	0.0149	0.0137	0.0808	0.1628	0.1202
35	New London Telephone	0.0394	0.0675	0.0100		0.0100		0.0118	0.0149	0.0115	0.0764	0.1833	0.0964
36	Rock Port Telephone	0.0100	0.0147	0.0100		0.0147		0.0199		0.0139	0.0676	0.0923	0.0923
37	Goodman Telephone	0.0100	0.0164	0.0100	0.0100	0.0164	0.0164	0.0153		0.0165	0.0637	0.0901	0.0901
38	Lathrop Telephone	0.0112	0.0112	0.0112		0.0112		0.0176		0.0133	0.0618	0.0842	0.0842
39	Southwestern Bell Telephone	0.0099	0.0180	0.0099		0.0180		0.0084		0.0076	0.0320	0.0599	0.0599
Total = 42	Incumbent Local Exchange Carriers										Raw Averages =	0.1947	0.1712
	Access Line-Weighted Averages =	0.0170	0.0334	0.0165		0.0322						0.0946	0.0948

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Revision 26: 02-09-01 Updated SWBT and BPS CCL Rates.

Prepared by
A P Kuss \access.xlw

TABLE 1

ILEC Basic Local Service Rates

Telephone Carrier	Residential					Business				
	Band 1	Band 2	Band 3	Band 4	Band 5	Band 1	Band 2	Band 3	Band 4	Band 5
Alltel Missouri	7.35	7.85				13.15	14.05			
Alma	6.50					10.25				
Bourbeuse	7.55					14.25				
BPS	6.50	7.00				13.00	14.00			
Cass County	6.50	7.00	7.50	8.00	8.50	13.00	14.00	15.00	16.00	17.00
CenturyTel	8.00					16.00				
Chariton Valley	13.00					13.00				
Choctaw	9.90					12.40				
Citizens	8.40					14.25				
Craw-Kan	4.00	6.25	4.75			6.75	9.75	7.75		
Ellington	6.70					10.50				
Farber	7.75	11.75				12.25	12.25			
Fidelity	7.55					14.25				
Goodman	7.60					12.65				
Granby	6.60					8.85				
Grand River Mutual	8.22	8.64	9.06	9.48	9.89	14.09	14.51	14.93	15.35	15.76
Green Hills	13.00					16.00				
Holway	17.75					29.75				
IAMO	8.00					10.00				
Kingdom	8.50					11.75				
KLM	7.25					12.75				
Lathrop	7.15					10.15				
LE-RU	10.50					17.00				
Mark Twain Rural	9.00					10.25				
McDonald County	5.75					8.75				
Mid Missouri	8.00					12.85				
Miller	9.00					14.00				
Modern Telecommunications	7.00	6.50				14.00	13.00			
Mo-Kan Dial	5.25					8.50				
New Florence	5.75					7.75				
New London	12.30					22.10				
Northeast Missouri Rural	5.00					7.50				
Orchard Farm	12.25					24.40				
Oregon Farmers	8.00					12.00				
Ozark	6.50					13.00				
Peace Valley	6.50					7.50				
Rock Port	5.40					7.90				
Seneca	8.10					11.80				
Southwestern Bell	7.48	9.02	10.01	11.25		16.69	22.89	25.46	33.24	
Spectra Communications	6.50	7.00	7.50	8.00	8.50	13.00	14.00	15.00	16.00	17.00
Sprint Missouri	8.62	9.17	10.02	10.82		14.46	15.56	17.06	18.86	
Steelville	8.95					14.45				
Stoutland	8.75					13.25				
Verizon Midwest	7.93	8.42	8.92	9.41	9.91	14.37	15.36	16.35	17.34	18.33

Notes:

1. Bands indicate calling areas as defined by each company.
2. Rates shown include Touch-Tone charges when companies list such charges separately.

Revision 01: 02-08-01 Active.

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TABLE 2

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In The Matter Of The Access Tariff Filing Of Oregon Farmers Mutual Telephone Company

Case No. TT-2001-328

AFFIDAVIT OF PHILIP M. GARCIA

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Philip M. Garcia, of lawful age, on his oath states: that he has participated in the preparation of the foregoing written rebuttal testimony in question and answer form, consisting of 6 pages of rebuttal testimony to be presented in the above case, that the answers in the attached written rebuttal testimony were given by ; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Phil Garcia
Philip M. Garcia

Subscribed and sworn to before me this 28th day of February , 2001.

Sharon S. Wiles
Notary Public

My commission expires August 23, 2002

SHARON S WILES
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. AUG. 23,2002