

Exhibit No.:
Issues: Competitive Status

Witness: John Van Eschen
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

AMENDED DIRECT TESTIMONY

OF

JOHN VAN ESCHEN

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. TO-2006-0093 & 0102

**Jefferson City, Missouri
October 2005**

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Request of)
Southwestern Bell Telephone, L.P., d/ba)
SBC Missouri, for Competitive)
Classification Pursuant to Section)
392.245.6, RSMo (2005) - 60-day)
Petition.)

Case Nos. TO-2006-0102

AFFIDAVIT OF JOHN VAN ESCHEN

STATE OF MISSOURI)
) ss
COUNTY OF COLE

John Van Eschen, of lawful age, on his oath states: that he has participated in the preparation of the following Amended Direct Testimony in question and answer form, consisting of 31 pages of Amended Direct Testimony to be presented in the above case, that the answers in the following Amended Direct Testimony were given by him; 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.



John Van Eschen

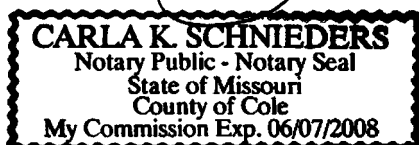
Subscribed and sworn to before me this 11th day of October, 2005.



Notary Public

My commission expires

June 7, 2008



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John Van Eschen

1 Scope Task Force formed in Case No. TW-2004-0471 for the purpose of studying
2 expanded calling issues in Missouri.

3 Q. What is your educational background?

4 A. I have a Bachelor of Arts degree in Psychology from the University of
5 Iowa. I also have a Master of Arts degree in Economics from Kansas State University.

6 Q. Have you previously testified before the Commission?

7 A. Yes.

8 Q. What is the purpose of your testimony?

9 A. The Commission Staff (Staff) has evaluated Southwestern Bell's (SBC's)
10 Petition for Competitive Classification. The purpose of this testimony is to respond to
11 SBC's request for competitive classification in both the 30-day proceeding and the
12 60-day proceeding. I filed Direct Testimony in Case No. TO-2006-0093 and later
13 amended this testimony at the hearing on September 16, 2005. Subsequent to the
14 hearing, I filed Supplemental Direct Testimony on September 23, 2005, where I
15 recommended the Commission grant competitive status to an additional exchange, the
16 St. Joseph exchange, for residential services. I have essentially combined the relevant
17 portions of these previously filed testimonies into this testimony. The Commission in its
18 Corrected Report and Order issued September 26, 2005, ultimately granted competitive
19 status to 26 exchanges for the provisioning of residential services and 45 exchanges for
20 the provisioning of business services. In the 60-day proceeding, Staff recommends
21 competitive status be granted to two additional exchanges for residential services and 15
22 additional exchanges for business services using the same standards as applied in the 30-
23 day proceeding. The specific exchanges that received competitive classification in the

Direct Testimony of
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1 30-day proceeding are identified in bold in Schedule 1. Schedule 1 includes other
2 exchanges at issue in the 30-day proceeding and additional exchanges that Staff believes
3 meet the criteria for competitive classification. Schedule 1 shows one additional
4 exchange, the Agency exchange, for residential services; however SBC failed to
5 specifically request competitive status for this exchange. My testimony will attempt to
6 explain these recommendations as well as highlight areas of disagreement as described in
7 my previously filed testimony. Specific exchanges that I have previously discussed
8 where Staff and SBC appear to disagree is the San Antonio exchange for residential
9 services and the Advance, Bell City, Delta, Excelsior Springs, Pocohontas-New Wells
10 exchanges for business services.

11 Q. What is your understanding of what it means to receive competitive
12 classification?

13 A. Competitive status, if granted to an exchange, will allow an incumbent
14 local exchange telecommunications company greater pricing flexibility than under price
15 cap regulation or rate of return regulation. Depending upon whether competitive status is
16 granted to residential services, business services or both, the company will gain the
17 ability to raise the applicable tariffed rate for all such services, except exchange access
18 service, upon ten days notice to the Commission and to potentially affected customers. In
19 this respect, an incumbent local exchange telecommunications company will essentially
20 have the same pricing flexibility within the exchange as a competitively classified
21 company.

22 SB 237 further expands a company's pricing flexibility for business services
23 depending upon whether competitive status has been granted. For example, the new law

1 allows an incumbent local exchange telecommunications company to price all business
2 services offered within the exchange on a customer specific basis if competitive status
3 has been granted in the exchange for business services. Competitively classified
4 companies will also be able to price all business services in the exchange on a customer
5 specific basis if the incumbent's business services have been declared competitive in the
6 exchange.

7 Competitive status should not impact a company's ability to price bundles or
8 packages of telecommunications services. SB 237 provides new pricing flexibility that
9 previously was unavailable to telecommunications carriers. The new law essentially
10 states that rates associated with bundles of telecommunications will not be regulated by
11 the Commission, regardless of competitive classification, as long as each
12 telecommunications service included in the package is available apart from the package
13 of services. For example, if an incumbent local telephone company bundles its basic
14 local telecommunications service with other regulated or non-regulated
15 telecommunications services (or non-telecommunications services) then the company is
16 free to charge whatever rate it sees fit for the bundle. Staff still believes the bundles need
17 to be tarified; however, the Commission would not have the ability to establish the prices
18 for these bundles. Pricing flexibility for bundled telecommunications services is
19 available to all telecommunications carriers throughout their service territory regardless
20 of whether competitive status is granted or not. The only criterion appears to be that the
21 services contained in the bundle must be available on a stand alone basis; hence, the
22 distinction between the company's ability to raise the price for stand alone services
23 pursuant to competitive status versus pricing for bundles under SB 237. Conceptually,

1 the rates associated with stand alone services will act as a price ceiling until competitive
2 status has been granted. When the Commission grants competitive status to an exchange,
3 then this price ceiling is essentially removed for services offered on a stand alone basis
4 because the company will gain the ability to increase the price for each stand alone
5 service based on its competitive status.

6 Competitive status, if granted, should also not affect the Commission's ability to
7 control or regulate various aspects of a company's telecommunications offerings. For
8 example, competitive status will not affect the Commission's ability to control the rates
9 for exchange access service. The relevant statutes outlining the process for obtaining
10 competitive status exclude exchange access service as part of a company's request for
11 competitive status. If the Commission ultimately grants competitive status to an
12 exchange, it should not impact the Commission's current ability to control or set the rates
13 for exchange access service. Likewise, competitive status, if granted, should not affect
14 the Commission's ability to maintain standards for quality of service, service termination
15 for nonpayment, billing and other requirements. These standards will continue to apply
16 regardless of whether an exchange has received competitive status.

17 **The 30-Day Proceeding**
18

19 Q. What is your understanding of the criteria for qualifying for competitive
20 status in a 30-day proceeding?

21 A. Section 392.245.5 describes the general process for achieving competitive
22 status for an exchange. Specifically, two non-affiliated entities in addition to the
23 incumbent local exchange company must be providing basic local telecommunications
24 service within the exchange. One of the entities can be a commercial mobile service

1 provider as identified in 47 U.S.C. Section 332(d)(1) and 47 C.F.R. Parts 22 or 24. The
2 second entity can be any entity providing local voice service in whole or in part over
3 telecommunications facilities or other facilities in which it or one of its affiliates have an
4 ownership interest. This portion of the statutes directs the Commission to make a
5 determination within 30-days of the request as to whether the requisite number of entities
6 are providing basic local telecommunications service to business or residential customers,
7 or both, in the exchange. The statute lists specific instances whereby the provider of
8 local voice service should not allow the exchange to qualify for competitive status at least
9 under the 30-day process. For example, companies only offering prepaid
10 telecommunications service or only reselling telecommunications service shall not be
11 considered entities providing basic telecommunications service. Likewise, a provider of
12 local voice service that requires the use of a third party, unaffiliated broadband network
13 or dial-up Internet network for the origination of local voice service shall not be
14 considered a basic local telecommunications service provider.

15 Q. Do you believe SBC has met the criteria that one of the two entities can be
16 a commercial mobile service provider?

17 A. Yes. The company's petition for competitive status provides information
18 regarding the presence of wireless providers in the exchanges where competitive status is
19 sought. Staff finds the company's evidence convincing and does not dispute the presence
20 of at least one wireless provider in any of SBC's exchanges where competitive status is
21 sought.

1 Q. Do you believe SBC has met the criteria that the second entity can be any
2 entity providing local voice service in whole or in part over telecommunications facilities
3 or other facilities in which it or one of its affiliates have an ownership interest?

4 A. Yes and no. For some exchanges, SBC has met this criterion but for other
5 exchanges Staff has found no evidence that such an entity is actually providing local
6 voice service.

7 Q. Please explain your criteria for determining if an entity is providing local
8 voice service in whole or in part over telecommunications facilities or other facilities in
9 which it or one of its affiliates have an ownership interest.

10 A. Staff considers lines served on a full facility basis or UNE-L basis as the
11 minimum threshold to meet for competitive status in a 30-day proceeding. Full facility
12 based lines involve lines owned by the company. A company providing voice service on
13 a full facility based basis also generally owns the switching facilities used to switch calls.
14 UNE-L basis refers to “unbundled network element loops” a situation where the company
15 leases a local line or loop from an incumbent local telephone company but may own the
16 switching facilities. I will also use the term to describe a situation where the company
17 may own the switching facilities to provide local voice service but lease a local line or
18 loop from an unaffiliated company. In most UNE-L situations, a company may own one
19 switch but serve several exchanges from the switch. The switch may be the only
20 equipment owned by the company.

21 The provisioning of service on a full facility basis or UNE-L basis has been
22 selected by the Staff as the minimum threshold to meet for competitive status in a 30-day
23 proceeding because it reflects a situation where the company, or its affiliate, owns certain

1 facilities in the provisioning of service. Although a company providing service on a
2 UNE-L basis generally only has ownership interest in a switch, a switch can probably be
3 included as qualifying as telecommunications facilities as defined by 386.020(52)
4 because a switch can be considered a receiver, machine, apparatus or device. This
5 statutory definition specifically defines “telecommunications facilities” as “...includes
6 lines, conduits, ducts, poles, wires, cables, crossarms, receivers, transmitters, instruments,
7 machines, appliances and all devices, real estate, easements, apparatus, property and
8 routes used, operated, controlled or owned by any telecommunications company to
9 facilitate the provision of telecommunications service.” A strict application of this
10 definition may lead to questionable results from the perspective that a company may not
11 own a switch or lines but rather simply some real estate that may be used to facilitate the
12 provisioning of telecommunications service. For instance, a company may own some
13 office space for taking orders for telecommunications service and meet the definition of
14 telecommunications facilities. Regardless, Staff is considering the provisioning of
15 service on a full facility basis or UNE-L basis as the minimum threshold to meet for
16 competitive status in a thirty day proceeding.

17 Q. What records did Staff rely on in order to determine what wireline entities
18 are providing local voice service in an exchange?

19 A. Section 392.245.5(6) directs the Commission to maintain records of
20 regulated providers of local voice service, including those regulated providers who
21 provide local voice service over their own facilities, or through the use of facilities of
22 another provider of local voice service. Staff’s response to this directive has been to rely
23 on the annual reports submitted by telecommunications companies to the Commission.

1 Specifically, all local exchange carriers are required to report the number of access lines
2 served on an exchange-specific basis as of December 31st of the proceeding year.
3 Companies are expected to identify the number of voice grade equivalent lines based on
4 the following categories: pure resale, UNE-L, UNE-P, and full facility based. Attached,
5 in Schedule 2, is a blank copy of the Commission's annual report form which attempts to
6 describe most of the access line-related terms used in the annual report form.

7 The annual reports due on April 15, 2005, are the reports focused upon by Staff
8 for this proceeding. Staff has attempted to follow up with many competitively classified
9 companies providing local voice service to ensure their respective annual report
10 information is correct. For example, in some situations a company may have identified
11 an unknown exchange(s) or alternatively simply identified the total number of lines
12 served without identifying lines served on an exchange-specific basis. In all known
13 instances where there may have been an issue, we have attempted to ensure a company's
14 annual report was compiled accurately and completely. Some companies reported
15 serving "0" lines in their annual report but show a positive revenue in the company's
16 annual statement of revenue. In such circumstances, Staff followed up with the
17 telecommunications company to inquire how the revenue was generated and specifically
18 if the company was providing local voice service. When appropriate, companies re-
19 submitted their annual report information. Staff also contacted companies who reflect
20 providing local voice service on either a full facility based basis or on a UNE-L basis.
21 Staff's contact with facility based and UNE-L providers attempted to ensure these
22 companies properly categorized lines served.

1 Q. Are there any potential issues with solely relying on the data submitted by
2 companies in their annual report?

3 A. Yes. The timing of the annual reports may be an issue in some instances
4 since access line data may be considered somewhat dated in the sense that it captures
5 access lines as of December 31, 2004. A company's annual report will not capture access
6 lines implemented during 2005. In addition, the annual report information may be
7 deficient if the competitive company is providing service but has failed to obtain proper
8 certification.

9 Q. If SBC is requesting competitive status for a particular exchange but
10 Staff's records do not reflect SBC's identified competitor is providing service in the
11 exchange, did Staff take any action?

12 A. Yes. In such situations, Staff attempted to directly contact the competing
13 company and verify if it was providing local voice service. Cross-checks were also
14 conducted on the competing company's tariff and web site for additional verification as
15 to whether the competing company offers local voice service in the exchange. In general,
16 Staff does not rely on a company's tariff and web site as a sole indicator the company is
17 providing service in the exchange. Staff views such information as an additional source
18 to verify that the company may offer service in the exchange. Corroborating evidence
19 from other sources was needed to ensure the competing company is actually providing
20 service in the exchange.

21 Q. Are there certain issues that should be brought to the Commission's
22 attention regarding disagreements between Staff and SBC on whether a competitor is
23 actually providing local voice service in an exchange?

1 A. Yes. Such disagreements with SBC primarily concern whether the
2 competitor is solely providing a data service rather than a local voice service. Section
3 392.245.5(3) defines local voice service as two-way voice service capable of receiving
4 calls from a provider of basic local telecommunications services as defined by
5 subdivision (4) of section 386.020, RSMo. Under the 30-day track, Missouri law
6 specifically excludes certain types of providers of local voice service. For example,
7 Section 392.245.5(2) does not consider a provider of local voice service as providing
8 basic local telecommunications service for determining competitive classification under
9 the 30-day track if the provider requires the use of a third party, unaffiliated broadband
10 network or dial-up Internet network for the origination of local voice service. SB 237
11 also indicates other types of services that should not be considered as providing basic
12 local telecommunications service for purposes of determining competitive criteria, such
13 as companies only offering prepaid service or only reselling telecommunications service
14 shall not be considered entities providing basic telecommunications service. In any
15 event, Staff did not consider any competitor's lines as qualifying an exchange for
16 competitive status if the company's lines are solely used for data purposes.

17 Q. What steps did Staff take in order to identify companies solely providing
18 service to an internet service provider in the exchange?

19 A. Staff directly contacted companies to see if there are any situations where
20 a company is solely serving an internet service provider in the exchange. We discovered
21 there are some exchanges where a company is only providing service to an internet
22 service provider. In Staff's opinion, competition within an exchange from a competing
23 company who solely provides service to an internet service provider should not allow the

1 exchange to qualify for competitive status. Such a provider would not be providing local
2 voice service pursuant to Section 392.245.5(2).

3 Q. Are there any specific companies Staff excluded from its list of qualifying
4 competitive companies?

5 A. Yes. Among companies providing service on a UNE-L or full facility
6 basis Staff considers AT&T to be affiliated with SBC and therefore AT&T was not
7 considered in Staff's analysis for competitive status in any SBC exchanges. SBC
8 likewise noted this affiliation and has not attempted to claim competitive status based on
9 the existence of competition from AT&T.

10 Q. Please identify the specific exchanges where Staff believes SBC meets the
11 criteria for the Commission to grant competitive status to the exchange.

12 A. Schedule 1 identifies the list of exchanges SBC has requested competitive
13 classification under the 30-day proceeding. In response to SBC's request, the list has
14 been expanded to include any exchange where Staff believes SBC meets the criteria of
15 having at least one wireline competitor providing local voice service on either a full
16 facility basis or a UNE-L basis. Schedule 1 identifies exchanges meeting competitive
17 criteria by an "X" in the Yes box. In addition qualifying exchanges are identified in bold
18 type. The column titled "Local Voice Competitor(s)" identifies the specific wireline
19 companies providing local voice service on either a full facility basis or a UNE-L basis.
20 A company is listed in this column if it is serving at least one line within the exchange.
21 Schedule 3 provides a brief description of Staff's understanding of how these competitors
22 are providing service. For ease of discussion I have further modified Schedule 1 to

1 reflect the exchanges where competitive status has been granted based on the
2 Commission's decision in Case No. TO-2006-0093 issued on September 26, 2005.

3 Schedule 1 does show one additional exchange, the Agency exchange that appears
4 to qualify for competitive status for residential services; however SBC did not
5 specifically request competitive status for this exchange. In Staff's opinion, an
6 incumbent company should be expected to identify the specific exchanges before
7 competitive status is granted and provide some sort of supporting evidence. In the
8 Commission's Corrected Report and Order for Case No. TO-2006-0093, the Commission
9 states, "The Commission finds that would be in appropriate to grant competitive
10 classification in an exchange that was not named in the petition. The Commission finds
11 the fundamental fairness and due process require that SBC Missouri specifically identify
12 the exchanges in its original petition so that interested parties have a meaningful
13 opportunity to intervene and respond to the application...."

14 Staff recommends the Commission grant competitive status to the following
15 exchanges in the 60-day proceeding. These are exchanges SBC has specifically
16 requested competitive status in the 60-day proceeding; however these exchanges have a
17 competitor providing local voice service on a UNE-L or full facility basis. These
18 exchanges are as follows:

19 Residential: Joplin and Sikeston.

20 Business: Archie, Ash Grove, Billings, Boonville, Carthage, Cedar Hill, Chaffee,
21 Farley, Linn, Marshall, Mexico, Moberly, Montgomery City, St. Clair and Union.

22 In granting competitive status, the Commission should identify the conditions for
23 granting competitive status. In these instances competitive status is granted on the basis

1 that at least one wireline company is providing local voice service on a full facility basis
2 and/or on a UNE-L basis. In addition, at least one wireless company is providing service
3 in the exchange. The exchanges identified above reflect exchanges requested by SBC for
4 competitive status in both its 30-day and 60-day proceedings. The Commission should
5 deny competitive status for all other exchanges requested by SBC in its petition.

6 Q. In contrast to SBC's request for competitive classification in the 30-day
7 proceeding, what exchanges should not receive competitive classification at this time?

8 A. The exchanges that should not receive competitive classification in the
9 30-day proceeding are listed in Schedule 1 and are not bolded. These exchanges have an
10 "X" in the column entitled "No" for "Meet Competitive Criteria". In this same column,
11 the name of the competitor as identified by SBC is shown in parenthesis. Staff has
12 directly contacted these companies and inquired whether they provided local voice
13 service in these exchanges and if so, whether such service would be considered on a
14 UNE-L or full facility based basis. In certain instances, we are still waiting for
15 confirmation from these companies that qualifying local voice service is being provided
16 in the exchange.

17 Q. Explain why you have not found these exchanges to meet the criteria for
18 competitive status.

19 A. A qualifying competitor is not providing business local voice service on
20 full facility basis or UNE-L basis in the exchanges of Advance, Bell City, Delta,
21 Pocahontas-New Wells and Wyatt. Big River Telephone Company is using SEMO's
22 loop facilities and Big River's switch to provide residential local voice service in these

1 exchanges. However, according to Big River officials the company is not providing local
2 voice service to any business customers in these exchanges.

3 Staff has been unable to confirm that a qualifying competitor is providing
4 business local voice service on a full facility basis or UNE-L basis in the exchange of
5 Excelsior Springs. SBC claims NuVox is providing local voice service in this exchange.
6 Staff has contacted NuVox to confirm the company is providing service to this exchange
7 on a UNE-L or full facility basis. A NuVox official responded to Staff's inquiry by
8 stating, "To the best of our knowledge, NuVox does not have any customers in the
9 Excelsior Springs exchange. We do have some customers in nearby areas (e.g. Kearney),
10 but as far as we can tell, none in the Excelsior Springs area."

11 Q. Do you have any comments about NuVox's provisioning of services in the
12 Excelsior Springs exchange?

13 A. Yes. There appears to be a discrepancy as to whether the NuVox
14 customer physically resides in the Excelsior Springs exchange. SBC officials claim the
15 customer resides in Excelsior Springs based on the directory listing data base which
16 shows the Excelsior Springs telephone numbers in question are associated with a location
17 in the Excelsior Springs exchange. In contrast, the E911 data base shows the five
18 telephone numbers are associated with a location in the Kansas City exchange.
19 According to NuVox officials, NuVox is providing foreign exchange service to a
20 customer residing in the Kansas City exchange but the customer has been given five
21 Excelsior Springs telephone numbers. Staff has been unable to resolve the discrepancy;
22 however, it is probably reasonable to expect greater care is used to ensure location
23 accuracy in the 911 data base.

1 In Staff's opinion, foreign exchange service or a service where the customer is
2 physically not residing in the exchange raises questions as to the appropriateness of
3 granting competitive status to the exchange. Such arrangements are not typically
4 associated with competition within the designated exchange where dial tone is being
5 provided, in this case Excelsior Springs. For this reason, Staff recommends the
6 Commission deny competitive status for the Excelsior Springs exchange for the
7 provisioning of business services.

8 Q. Are there any additional exchanges that you believe should not qualify for
9 competitive status?

10 A. Yes. Staff has been unable to confirm that a qualifying competitor is
11 providing residential local voice service on a full facility basis or UNE-L basis in the
12 exchange of San Antonio. SBC claims Sprint is providing local voice service in these
13 exchanges. Staff has contacted Sprint, Sprint's response to a Staff data request indicates
14 the company is not providing service to these exchanges on a UNE-L or full facility
15 basis. Staff has talked with representatives of both NPG Cable, Inc. d/b/a St. Joseph
16 Cablevision, Inc. (St. Joseph Cablevision or NPG Cable) and Sprint Communications
17 Company L.P. (Sprint), the competitively classified Sprint company. Based on these
18 discussions, I conclude St. Joseph Cablevision is providing local voice service in a way
19 that qualifies the St. Joseph exchange for competitive classification for the provisioning
20 of residential services. I will attempt to explain my understanding of St. Joseph
21 Cablevision's offering and St. Joseph Cablevision's relationship with Sprint.

22 Q. What is your understanding of St. Joseph Cablevision's offering?

1 A. St. Joseph Cablevision offers Digital Phone service to residential
2 customers within the exchanges of Agency, St. Joseph and Savannah where it offers
3 cable TV service. The company claims it does not offer the same or a similar service to
4 business customers. St. Joseph Cablevision uses its own cable TV network to connect to
5 the residential customer's premise. St. Joseph Cablevision supplies a box or adaptor to
6 subscribers which is placed at the customer's residence. The adaptor interfaces with the
7 customer's existing inside wiring so the customer can use existing telephone equipment
8 and jacks. The adaptor essentially alters the format of a voice call so that it traverses
9 St. Joseph Cablevision's network using an Internet protocol. St. Joseph Cablevision
10 routes all calls to Sprint Communications Company L.P. which interfaces with the public
11 switched network.

12 Q. What functions does Sprint provide for St. Joseph Cablevision?

13 A. Sprint performs all switching functions for St. Joseph Cablevision. Sprint
14 converts the call's format between the Internet protocol format to the time division
15 multiplex format used by the public switched telephone network depending on whether
16 the call traverses the public switched telephone network. Sprint obtains telephone
17 numbers for St. Joseph Cablevision and places the telephone numbers for St. Joseph
18 Cablevision in the appropriate 911 data base. Sprint also provides such services as
19 operator services and directory assistance services for St. Joseph Cablevision. Sprint
20 does not bill St. Joseph Cablevision subscribers. Instead Sprint is reimbursed for the
21 wholesale services it provides to St. Joseph Cablevision based on a private contract
22 between the two entities.

1 Q. Is St. Joseph Cablevision's offering local voice service similar to other
2 cable TV local voice service offerings?

3 A. Yes. I might consider St. Joseph Cablevision's offering similar to the
4 local voice service offering of Time Warner. Both companies offer cable TV services
5 and rely on Sprint for routing calls over the public switched network. Representatives of
6 St. Joseph Cablevision acknowledge St. Joseph Cablevision's service might be
7 considered similar to Time Warner's local voice service offering. I might also add
8 St. Joseph Cablevision's service might be considered similar to the service offered by
9 Big River Telephone Company and SEMO, a cable TV company in southeast Missouri.
10 In that arrangement, the competitive local exchange company rather than the cable TV
11 company is the company claiming they are providing service to customers.

12 Q. Are there any additional issues raised by St. Joseph Cablevision's
13 offering?

14 A. Yes. St. Joseph Cablevision's Recommendation and Objection in
15 Case No. IO-2006-0108, In the Matter of Spectra Communications Group, LLC d/b/a
16 CenturyTel's Request for Competitive Classification Pursuant to Section 392.245.5,
17 RSMo. (2005), states the company "...does not provide any form of telecommunications
18 service in Missouri. NPG Cable is a provider of voice over internet protocol ("VoIP")
19 services in the Savannah exchange. NPG Cable is not a wireline competitor providing
20 local voice service to residential customers." In addition, I should point out that St.
21 Joseph Cablevision is not a certificated provider of basic local telecommunications
22 service in Missouri. I would like to comment on each of these items.

1 Q. What comments do you have regarding the previously identified
2 statements in St. Joseph Cablevision's Recommendation and Objection in that case?

3 A. In my opinion, St. Joseph Cablevision is claiming it does not provide any
4 form of telecommunications service in Missouri because of its belief that VoIP services
5 are not regulated by the Missouri Commission. I don't intend to get into a debate as to
6 whether the Missouri Commission has the authority to regulate St. Joseph Cablevision's
7 offering. I am not addressing the Commission's authority in this proceeding because
8 Missouri law in describing the type of entity that would qualify an exchange for
9 competitive status under the 30-day track would appear to count St. Joseph Cablevision's
10 offering.

11 Q. If the Commission concludes St. Joseph Cablevision's offering qualifies
12 an exchange for competitive status, does such a conclusion appear to lock the
13 Commission into reaching a similar conclusion for all other VoIP-related offerings?

14 A. No. As explained in the VoIP Industry Task Force Report filed on
15 March 30, 2004, in Case No. TW-2004-0324, there are different variations of VoIP
16 offerings. Depending on the application and arrangement the Commission could
17 conceivably reach different conclusions. In this instance, St. Joseph Cablevision owns
18 facilities within these exchanges to provide residential local voice service to these
19 exchanges.

20 Q. What comments do you have regarding the fact St. Joseph Cablevision
21 does not have a certificate of service authority from the Missouri Commission?

22 A. In other competitive classification request proceedings I have said on the
23 record that if an entity lacks the proper authority to providing service, such certification

1 and tariffing expectations need to be resolved before the Commission grants competitive
2 status. In this particular instance, however, I would not recommend the Commission
3 delay the granting of competitive status to the St. Joseph exchange over this issue. In this
4 instance, the competitor has stated it only provides VoIP service. This claim has not been
5 made in the other cases. A state commission's authority over VoIP offerings may be
6 debated by different parties. I would not wait for this issue to be resolved by the parties
7 before proceeding with competitive classification.

8 Q. Are you recommending competitive status be granted to the Agency
9 exchange for the provisioning of residential services?

10 A. No. SBC has not specifically requested competitive status be granted to
11 this exchange and therefore I maintain my recommendation that the incumbent company
12 needs to specifically request competitive status for an exchange before it can be granted.

13 Q. Are you recommending competitive status be granted to the San Antonio
14 exchange for the provisioning of residential services?

15 A. No. As previously discussed, my discussions with representatives of
16 St. Joseph Cablevision indicate the company does not provide such service within the
17 San Antonio exchange. Unless further evidence can be presented, Staff recommends the
18 Commission deny competitive status for the San Antonio exchange for the provisioning
19 of residential services.

20 **The 60-Day Proceeding**

21 Q. What is your understanding of the criteria for achieving competitive status
22 in the 60-day proceeding?

1 A. According to 392.245.5(6), an incumbent local exchange company may
2 petition the commission for competitive classification within an exchange based on
3 competition from any entity providing local voice service in whole or in part by using its
4 own telecommunications facilities or other facilities or the telecommunications facilities
5 or other facilities of a third party, including those of the incumbent local exchange
6 company as well as providers that rely on an unaffiliated third-party Internet service. The
7 commission shall approve such petition within 60-days unless it finds that such
8 competitive classification is contrary to the public interest.

9 Q. What evidence has SBC provided in support of its petition for competitive
10 classification in the 60-day proceeding?

11 A. SBC identifies a minimum number of competitors for these various types
12 of service provisioning. For example, SBC identifies the respective minimum number of
13 competitors providing service in the exchange based on whether the provider is using a
14 commercial agreement, UNE-P, wireless or VoIP. According to SBC's figures, the total
15 number of providers within an exchange would be five or more providers of local voice
16 service. SBC does not identify any of the providers; however, SBC notes its competitor
17 counts exclude "...resellers, prepaid providers, AT&T companies and SBC affiliates
18 including Cingular." SBC goes on to say that the count of wireless competitors excludes
19 companies that do not have their own network. SBC indicates VoIP providers were
20 counted only where cable modem service was available (excluding exchanges where only
21 DSL was available) and only where a customer can port their number or obtain a local
22 telephone number.

1 Q. Has SBC attempted to justify how the public interest would be served if
2 competitive classification is granted to these additional exchanges?

3 A. No.

4 Q. In a 60-day proceeding should companies be required to justify how
5 granting competitive status will not be contrary to the public interest?

6 A. Yes. In my opinion, such justification should be required. Absent such
7 justification, the criteria for achieving competitive classification in a 60-day proceeding
8 appears to be very low if non-existent. Without a requirement to justify its request, a
9 company simply has to ask for competitive classification under a 60-day proceeding.
10 Petitions in a 60-day proceeding should be required to specifically identify the companies
11 the company believes should allow it to qualify for competitive status in the exchange.
12 Applicants should be required to explain why these companies should allow it to qualify
13 for competitive status. In addition, applicants should be expected to explain how
14 granting competitive status to these exchanges is not contrary to the public interest.

15 Q. Do you have any reasons why such competitive classification is contrary
16 to the public interest?

17 A. Yes. The Commission should keep in mind a couple of basic ideas in its
18 deliberations for considering the granting of competitive status to these exchanges. The
19 Commission should keep in mind what it means to grant competitive status to an
20 exchange and whether potentially affected customers have reasonable alternatives for
21 service. The Commission should also be aware how its decision may impact other
22 incumbent local telephone companies and the difficulty in revoking competitive status if
23 the Commission later changes its mind.

1 Q. Further explain your statement that the Commission should keep in mind
2 what it means to grant competitive status to an exchange and whether potentially affected
3 customers have reasonable alternatives for service.

4 A. As previously discussed in my testimony, the granting of competitive
5 status to an exchange essentially allows the incumbent local telephone company to gain
6 the ability to raise rates within the exchange. More specifically, competitive
7 classification allows the company to raise the applicable tariff rate for all such services,
8 except exchange access service, upon 10-days notice to the Commission and to
9 potentially affected customers. Competitive classification for business services within an
10 exchange means the incumbent, as well as competing companies, can price business
11 services on a customer specific basis.

12 Conceptually, a competitive market will help ensure customers pay reasonable
13 prices for services. As long as customers have legitimate alternatives for local voice
14 service the incumbent company will be constrained by the prices offered by other local
15 voice providers. Although an incumbent local company may point out that some
16 customers are solely using such technologies as wireless or VoIP services, it remains
17 unclear whether most customers find the services offered by alternative providers
18 substitutable for the incumbent's local voice service. The Commission needs to be
19 comfortable with the existence of these other providers as reasonable alternatives for the
20 incumbent's local voice service before granting competitive status to exchanges based on
21 the existence of a particular type of technology or provider. If the Commission grants
22 competitive status to an exchange and the incumbent local telephone company raises
23 rates, customers should likewise view these alternative providers as reasonable

1 substitutes for the incumbent's local voice service and be able to easily switch to these
2 other providers if they choose.

3 Q. Is it in the public interest to grant competitive status based on the
4 existence of wireless providers or VoIP providers?

5 A. No, not at this time. In Case No. TO-2005-0035, *In the Matter of ohe*
6 *Second Investigation Into the State of Competition in the Exchanges of Southwestern Bell*
7 *Telephone, L.P., d/b/a SBC Missouri*, evidence suggests a relatively small fraction of
8 customers are solely using these services. In that case, both Staff witness
9 Adam McKinnie and SBC witness Harry Shooshan quote a figure from the Federal
10 Communications Commission that five to six percent of households have totally
11 substituted wireless service for wireline service. This figure really hasn't grown to the
12 level most people have expected. A June 2, 2005, Wall Street Journal article entitled
13 "Cutting the Phone Cord Isn't as Popular as Once Predicted" states:

14 When the Federal Communications Commission in November
15 2003 began allowing customers to switch their home phone
16 number to a cellphone, a huge shift to wireless-only customers was
17 expected. About 820,000 people did make the move through the
18 end of last year, according to the FCC, but that was only a fraction
19 of what was predicted.
20

21 The Commission should also realize prices for wireless services can be more
22 expensive than wireline services. Wireless service can have higher monthly fees. In
23 addition, most wireless service plans charge a usage fee if the phone's usage exceeds a
24 pre-designated level.

25 Service quality for wireless service can also be an issue. Although wireless
26 service may be available in an exchange, signal strength can be an issue. Some areas of
27 an exchange may not even be able to receive a wireless signal. Emergency service may

1 be another issue, for some wireless providers do not have the ability to pinpoint the
2 caller's location when the caller dials "911".

3 Similar statements could be made for VoIP service. The VoIP Industry Task
4 Force Report filed March 30, 2004, in Case No. TW-2004-0324, cited a projection that
5 VoIP subscribers will represent approximately 2.4% of current wireline access lines in
6 the United States by 2007. VoIP service also requires the subscriber to subscribe to
7 broadband service. Therefore, the price of VoIP service should take into account the fee
8 charged by the VoIP service provider plus the additional fee needed to obtain broadband
9 service. In this respect, VoIP may be considered to be more expensive than wireline
10 service. Some telephone companies do not offer their Digital Subscriber Line or
11 broadband service to customers unless the customer also subscribes to the company's
12 landline service. Service quality can be an issue with VoIP service. Broadband
13 availability can be an issue. In addition, VoIP service may also contend with pinpointing
14 the caller's location when the caller dials "911".

15 Q. Do you have any comments about whether it is in the public interest to
16 grant competitive status based on the presence of providers using the incumbent's
17 facilities either on a UNE-P basis or through commercial agreements?

18 A. In my opinion, providers using the incumbent's facilities either on a UNE-
19 P basis or through a commercial agreement are essentially resellers. Resellers, UNE-P
20 providers and providers using a commercial agreement are solely using the incumbent's
21 facilities. Admittedly, there are some differences between pure resellers and UNE-P
22 providers. For example, the rates an incumbent company charges a pure reseller versus a
23 UNE-P provider differ in the sense a reseller simply receives a discount off of SBC's

1 retail rates while the rates charged to UNE-P providers are based on a negotiated or
2 arbitrated rate. Pure resellers do not charge switched access charges to interexchange
3 carriers while UNE-P providers apply such charges. However, despite these differences,
4 pure resellers and UNE-P providers are both leasing from the incumbent all the facilities
5 necessary for the provisioning of telephone service and the incumbent is getting paid for
6 the use of these facilities.

7 The statutes, as well as this Commission, appear to place greater weight on
8 providers who have invested in their own facilities. In Case No. TO-2001-461, *In the*
9 *Matter of the Investigation of the State of Competition in the Exchanges of Southwestern*
10 *Bell Telephone Company*, the Commission acknowledged that resale is a form of
11 substitutable service and the mere presence of resellers is not substantial evidence for the
12 Commission to determine that effective competition exists. Furthermore, resellers lack
13 the ability to significantly differentiate the service customers receive from the incumbent
14 company. Resellers do not provide the incumbent with significant incentives to improve
15 their own facilities to respond to potential competitive pressures from these competitors.
16 SBC appears to have acknowledged this prior Commission decision because the company
17 has specifically excluded resellers in its petition. SBC should also exclude UNE-P
18 providers for there is little distinction between resellers and UNE-P providers.

19 Q. Please explain your earlier statement that the Commission should be aware
20 how its decision may impact other incumbent local telephone companies.

21 A. I'd like to preface my remarks by saying that in contrast to SBC's petition,
22 establishing a threshold for competitive status based on the existence of a certain number
23 of providers will be difficult to determine. If the Commission tries to establish a

1 threshold based on a certain number of providers the question will be always be raised
2 about the rationale for that certain number. Granting competitive status on the mere
3 existence of wireless providers and/or VoIP providers will probably allow most
4 exchanges served by all incumbents to qualify for competitive status. If the Commission
5 makes that sort of decision, then the Commission needs to realize the difficulty in
6 revoking competitive classification.

7 Q. Please explain why it may be difficult to revoke competitive classification.

8 A. Section 392.245.5(6) describes a subsequent process where the
9 Commission completes a review to determine if the conditions continue to exist for
10 retaining competitive classification for an exchange. In this section, the Commission
11 shall at least every two years or where an incumbent local exchange telecommunications
12 company increases rates for basic local telecommunications services in an exchange
13 classified as competitive, review those exchanges where an incumbent's services have
14 been classified as competitive, to determine if the conditions continue to exist. Staff's
15 understanding of this process is that if the Commission determines that Exchange X
16 should be classified as competitive because Competitor Y is serving lines in the exchange
17 then the Commission can only revoke competitive status in the exchange if competitors
18 provisioning service in the same manner as Competitor Y cease to provide service within
19 the exchange. Stated differently, the Commission cannot simply revoke competitive
20 status on the basis that it doesn't like the fact that the incumbent has raised rates or
21 because the Commission considers the rates to be unjust or unreasonable. The evidence
22 or condition the Commission has identified for granting competitive status to the
23 exchange must no longer exist in order for the Commission to revoke competitive status

1 for an exchange. In other words, for competitive status granted under the 30-day track,
2 Staff would view this as an expectation that the Commission would determine that
3 UNE-L and/or full facility based competition from any competitor no longer exists within
4 the exchange. In a similar manner, if the Commission determines the existence of
5 wireless providers or VoIP providers are sufficient for competitive classification, then
6 these providers as a group or in the requisite number used as a threshold would need to
7 no longer operate within the exchange in order for competitive status to be revoked.

8 Q. Do you have any additional comments regarding whether it is in the public
9 interest to grant competitive status to the exchanges requested by SBC in the 60-day
10 proceeding?

11 A. Yes. One area that Staff is unsure of the implications of granting
12 competitive status concerns the Commission's desire to entertain expanded local calling
13 requests as shown by the Commission's recent approval of a rulemaking in Case No.
14 TX-2005-0194. If the Commission grants competitive status to an exchange and the
15 Commission entertains a request to establish a new calling scope plan or change an
16 existing calling scope plan, then competitive status may make it more difficult for the
17 Commission to require a company to provide any service at a specified rate in the
18 exchange.

19 Another comment is that the new statute provides a significant amount of pricing
20 flexibility for all companies, including incumbent telephone companies. For example,
21 the Commission can no longer control the prices for bundles of services. I suspect a
22 significant percentage of company's customers subscribe to bundled services. Prices for
23 stand-alone services are really the only services that are affected by the Commission's

1 granting of competitive status. In my opinion, it would be in the public interest to deny
2 SBC's request for competitive status in the 60-day proceeding with the exception of the
3 exchanges I previously identified. The Commission should observe how prices react
4 under the significant pricing flexibility already allowed by the new statute.

5 Q. Can you please summarize your testimony?

6 A. Yes. Schedule 1 identifies the exchanges at issue in the 30-day
7 proceeding and additional exchanges Staff believes should receive competitive
8 classification in both the 60-day proceeding. Staff recommends the Commission grant
9 competitive status to the following exchanges in the 60-day proceeding:

10 Residential: Joplin and Sikeston.

11 Business: Archie, Ash Grove, Billings, Boonville, Carthage, Cedar Hill, Chaffee,
12 Farley, Linn, Marshall, Mexico, Moberly, Montgomery City, St. Clair and Union.

13 Staff did identify one additional exchange, the Agency exchange, that appears to
14 qualify for competitive status residential services; however SBC did not specifically
15 request competitive status for this exchange. SBC's petition states a generic request for
16 competitive status for additional exchanges in which SBC qualifies for competitive status
17 but data is unavailable to SBC. In Staff's opinion, an incumbent company should be
18 expected to identify the specific exchanges before competitive status is granted and
19 provide some sort of supporting evidence.

20 Specific exchanges where Staff and SBC appear to disagree is the San Antonio
21 exchange for residential services and the Advance, Bell City, Delta, Excelsior Springs,
22 Pocohontas-New Wells exchanges for business services. St. Joseph Cablevision
23 representatives indicate the company does not provide service in the San Antonio

1 exchange. Big River representatives indicate the company and SEMO do not provide
2 local voice service to business customers in the exchanges of Advance, Bell City, Delta,
3 Pocahontas-New Wells and Wyatt. In regards to the Excelsior Springs exchange there
4 appears to be an issue of whether the customer served by NuVox physically resides in the
5 Excelsior Springs exchange. NuVox officials claim the company is providing a foreign
6 exchange service to a customer residing in the Kansas City exchange where the customer
7 has five Excelsior Springs telephone numbers. Staff is of the opinion a foreign exchange
8 service should not qualify an exchange for competitive status.

9 In granting competitive status, the Commission should identify the conditions for
10 granting competitive status. In these instances, competitive status is granted on the basis
11 that at least one wireline company is providing local voice service on a full facility basis
12 and/or on a UNE-L basis. The exchanges identified above reflect exchanges requested by
13 SBC for competitive status in both its 30-day and 60-day proceedings. The Commission
14 should deny competitive status for all other exchanges requested by SBC in its petition.

15 Incumbent companies requesting competitive status under the 60-day proceeding
16 should be required to provide evidence as to why such competitive classification is not
17 contrary to the public interest. Petitions in a 60-day proceeding should be required to
18 specifically identify the companies the Applicant believes would allow it to qualify for
19 competitive status in the exchange. Applicants should be required to explain why these
20 companies would allow it to qualify for competitive status. In addition, applicants should
21 be expected to explain how the public interest would be served if competitive status is
22 granted to these exchanges.

1 My testimony has identified reasons why granting competitive status to any
2 additional exchanges based on SBC's request in a 60-day proceeding would be contrary
3 to the public interest. Competitive status provides an incumbent with the ability to raise
4 rates. In granting competitive status potentially affected customers should have
5 reasonable alternatives for service. The Commission's decision to grant competitive
6 status in this 60-day proceeding may have a significant impact on the requests of other
7 incumbent local telephone companies. In my opinion, it may be difficult to revoke
8 competitive status if the Commission later changes its mind. Competitive status may
9 limit the Commission's ability to address calling scope requests. In addition, the new
10 statute provides significant pricing flexibility to incumbent companies. The Commission
11 should allow some time to evaluate the impact of the new statute before granting
12 competitive status to significantly more exchanges under a 60-day proceeding.

13 Q. Does this conclude your testimony?

14 A. Yes, it does.

**SBC's Request for Competitive Status
Residential**

Exchange¹	Meet Competitive Criteria?		Local Voice Competitor(s)²
	Yes	No	
Advance	X		<i>Big River</i>
Agency***	X		<i>St. Joseph Cablevision</i>
Bell City	X		<i>Big River</i>
Chesterfield	X		Charter, <i>McLeodUSA</i>
Delta	X		<i>Big River</i>
Eureka	X		Charter
Farmington³	X		<i>Big River</i>
Fenton	X		Charter
Fredericktown	X		<i>Big River</i>
Harvester	X		Charter
Joplin **	X		<i>McLeodUSA</i>
Kansas City	X		Everest, <i>McLeodUSA</i> , Time Warner
Manchester	X		Charter, <i>McLeodUSA</i>
Monett	X		<i>Missouri Telecom, Inc.</i>
Nevada	X		<i>Missouri Telecom, Inc.</i>
Pacific	X		Charter
Perryville	X		<i>Big River</i>
Pocohontas-New Wells	X		<i>Big River</i>
Pond	X		Charter
San Antonio		X (Sprint)	*
Sikeston	X		<i>Big River</i>
Smithville	X		Time Warner
Springfield	X		<i>McLeodUSA</i>
St. Charles	X		Charter, <i>McLeodUSA</i>
St. Genevieve	X		<i>Big River</i>
St. Joseph	X		<i>St. Joseph Cablevision</i>
St. Louis	X		Charter, <i>McLeodUSA</i>
Valley Park	X		Charter
Washington	X		<i>Big River</i>
Wyatt	X		<i>Big River</i>

¹ Exchanges listed in bold type indicate the exchange qualifies for competitive status according to Staff.

² Identified wireline companies are providing local voice service in the exchange on either a full facility basis or on a UNE-L basis. Company names listed in italics are offering service in the exchange solely on a UNE-L basis where the company is leasing lines from SBC and the company has its own switch.

³ Granted competitive status in Case No. TO-2006-0093, the 30-day proceeding.

- * Staff has been unable to verify from independent evidence that a qualifying UNE-L or facilities-based provider is providing local voice service within the exchange.
- ** SBC requested competitive status under the 60-day track.
- *** SBC did not specifically request competitive status for this exchange in either the 30-day or 60-day tracks.

**SBC's Request for Competitive Status
Business**

Exchange ⁴	Meet Competitive Criteria?		Local Voice Competitor(s) ⁵
	Yes	No	
Advance		X (SEMO)	*
Antonia	X		<i>Birch</i>
Archie **	X		MCImetro
Ash Grove **	X		<i>NuVox</i>
Bell City		X (SEMO)	*
Billings **	X		<i>NuVox</i>
Bonne Terre ⁶	X		<i>Big River</i>
Boonville **	X		MCImetro
Camdenton	X		<i>McLeodUSA, Socket</i>
Cape Girardeau	X		<i>Big River</i>
Carthage **	X		MCImetro
Cedar Hill **	X		MCImetro
Chaffee **	X		MCImetro
Chesterfield	X		<i>Birch, Ionex, MCImetro, McLeodUSA, NuVox</i>
Clever	X		<i>NuVox</i>
Delta		X (SEMO)	*
Eldon	X		<i>Socket</i>
Eureka	X		<i>Birch, MCImetro</i>
Excelsior Springs		X (NuVox)	*
Farley **	X		<i>McLeodUSA, NuVox</i>
Farmington	X		<i>Big River</i>
Fenton	X		<i>Birch, Ionex, MCImetro, McLeodUSA,</i>
Festus-Crystal City	X		<i>Big River</i>
Flat River	X		<i>Big River</i>
Fredericktown	X		<i>Big River</i>
Fulton	X		<i>Socket</i>
Grain Valley	X		<i>Birch, McLeodUSA, NuVox</i>
Gravois Mills	X		<i>Socket</i>
Greenwood	X		<i>NuVox, Everest</i>
Harvester	X		<i>Birch, MCImetro, McLeodUSA, NuVox</i>
Herculaneum-Pevely	X		<i>NuVox, Birch</i>

⁴ Exchanges listed in bold type indicate the exchange qualifies for competitive status according to Staff.

⁵ Identified wireline companies are providing local voice service in the exchange on either a full facility basis or on a UNE-L basis. Company names listed in italics are offering service in the exchange solely on a UNE-L basis where the company is leasing lines from SBC and the company has its own switch.

⁶ Granted competitive status in Case No. TO-2006-0093, the 30-day proceeding.

High Ridge	X		<i>Birch, Ionex, MCImetro, NuVox</i>
Imperial	X		<i>Birch, NuVox</i>
Jackson	X		<i>Big River</i>
Joplin	X		MCImetro, <i>McLeodUSA</i>
Kansas City	X		<i>Birch, Everest, Global Crossing Local Services, Ionex, MCImetro, McLeodUSA, NuVox, Xpedius</i>
Lake Ozark-Osage Beach	X		<i>NuVox, Socket, MCImetro</i>
Linn**	X		MCImetro
Manchester	X		<i>Birch, MCImetro, McLeodUSA</i>
Marble Hill⁷	X		<i>Big River</i>
Marshall**	X		MCImetro
Maxville	X		<i>Birch, NuVox</i>
Mexico**	X		MCImetro, <i>McLeodUSA</i>
Moberly**	X		MCImetro
Monett	X		<i>Missouri Telecom, Inc.</i>
Montgomery City**	X		MCImetro
Nevada	X		<i>Missouri Telecom, Inc.</i>
Pacific	X		MCImetro
Perryville	X		MCImetro
Pocohontas-New Wells		X (SEMO)	*
Pond	X		<i>Birch, McLeodUSA, NuVox</i>
Poplar Bluff	X		<i>Big River, MCImetro</i>
Scott City	X		<i>Big River</i>
Sedalia	X		<i>Socket</i>
Sikeston	X		<i>Big River</i>
Smithville	X		<i>NuVox</i>
Springfield	X		MCImetro, <i>McLeodUSA, Missouri Telecom, NuVox</i>
St. Charles	X		<i>Birch, MCImetro, McLeodUSA, NuVox</i>
St. Clair**	X		MCImetro
St. Genevieve	X		<i>Big River</i>
St. Joseph	X		<i>Birch</i>
St. Louis	X		<i>Birch, Charter, Global Crossing, Ionex, MCImetro, McLeodUSA, NuVox, Socket, Winstar, XO</i>
Union**	X		MCImetro

⁷ Granted competitive status in Case No. TO-2006-0093, the 30-day proceeding.

Valley Park	X		<i>Birch, MCImetro, NuVox</i>
Washington	X		<i>Big River</i>
Wyatt		X (SEMO)	*

* Staff has been unable to verify from independent evidence that a qualifying UNE-L or facilities-based provider is providing local voice service within the exchange.

** SBC requested competitive status under the 60-day track.

*** SBC did not specifically request competitive status for this exchange in either the 30-day or 60-day tracks.

Full Company Name (Do not abbreviate, yet include any Commission approved
AKA/DBA/Fictitious Name, if applicable.)

COMPETITIVE LOCAL EXCHANGE CARRIER

and / or

INTEREXCHANGE TELECOMMUNICATIONS CARRIER

ANNUAL REPORT

TO THE

MISSOURI PUBLIC SERVICE COMMISSION

For The Year Ending December 31,

CLEC-IXC

Annual Report of _____
for the year ending December 31,

1. State in full the exact 'certificated' name of the
Competitive Local Exchange Carrier/Interexchange Telecommunications Carrier:
(Do not abbreviate; yet include any Commission approved AKA/DBA/Fictitious Name, if applicable.)

2. Is utility certificated as a Competitive Local Exchange Carrier (CLEC)? If yes, state effective
a. date of certification by the MO Public Service Commission and associated case number:

Date (e.g. 00/00/0000): _____ Case No: _____

- b. Is utility certificated as a Interexchange Telecommunications Carrier (IXC)? If yes, state
effective date of certification by the MO Public Service Commission and associated case number:

Date (e.g. 00/00/0000): _____ Case No: _____

3. Was the company certificated in Missouri under any other name(s)? If yes, please provide all
names and time periods involved since the original certification:

4. This Competitive Local Exchange/Interexchange Telecommunications Carrier is a (Check box
with an X) and if different than certificated name listed above (e.g. parent corporation name)
or if 'Other' is identified, explain:

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Corporation
Partnership
Sole Proprietorship

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

LLC
LP
Other - Explanation

5. Date of incorporation or other original organization (e.g. 00/00/0000):

6. Under the laws of what state is the Competitive Local Exchange/Interexchange
Telecommunications Carrier organized:

7. State in full the name, street address, telephone number, and e-mail address* of the individual
completing/verifying this Annual Report:

(*) To facilitate electronic sending of the Annual Report form next year.

CLEC-IXC

Annual Report of _____
for the year ending December 31, _____

- 8. Whether a corporation or not, give the particulars called for below concerning the principal general officers of the Competitive Local Exchange/Interexchange Telecommunications Carrier at the end of the year:**

**Date Office
Assumed**

Title of General Officer

Name of Person Holding Office

[illegible]

- 9. Please provide a listing of all mergers, consolidations, and reorganizations, completed during the last year.**

[illegible]

CLEC-IXC

Annual Report of _____

for the year ending December 31,

10. Please provide the following information concerning Total Company and gross intrastate operating revenues (i.e., Missouri Specific) Revenues for this Calendar Year:

Revenues:

Operating Revenues* from Telecommunication Services

Access Fee Revenues

Federal USF Subsidies

State USF Subsidies

Other Revenues

Total Company MO Specific

TOTAL REVENUES

--	--

MO Specific should match Statement of Revenue
(MoPSC Assessment)

*** Missouri Revised Statutes §386.020(53)**

(53) "Telecommunications service", the transmission of information by wire, radio, optical cable, electronic impulses, or other similar means. As used in this definition, "information" means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds, or any other symbols. Telecommunications service does not include:

(a) The rent, sale, lease, or exchange for other value received of customer premises equipment except for customer premises equipment owned by a telephone company certificated or otherwise authorized to provide telephone service prior to September 28, 1987, and provided under tariff or in inventory on January 1, 1983, which must be detariffed no later than December 31, 1987, and thereafter the provision of which shall not be a telecommunications service, and except for customer premises equipment owned or provided by a telecommunications company and used for answering 911 or emergency calls;

(b) Answering services and paging services;

(c) The offering of radio communication services and facilities when such services and facilities are provided under a license granted by the Federal Communications Commission under the commercial mobile radio services rules and regulations;

(d) Services provided by a hospital, hotel, motel, or other similar business whose principal service is the provision of temporary lodging through the owning or operating of message switching or billing equipment solely for the purpose of providing at a charge telecommunications services to its temporary patients or guests;

(e) Services provided by a private telecommunications system;

(f) Cable television service;

(g) The installation and maintenance of inside wire within a customer's premises;

(h) Electronic publishing services; or

(i) Services provided pursuant to a broadcast radio or television license issued by the Federal Communications Commission;

CLEC-IXC Annual Report of _____
for the year ending December 31,

11. Local Exchange Carriers Federal/State Low-Income/Disabled Universal Service Fund Subscribers

Background and Purpose: To ascertain on a monthly basis the number of subscribers being provided federal and/or Missouri low-income/disabled support as being reported to USAC (federal support, Form 497) and the fund administrator of the Missouri programs (Missouri support).

Month	Calendar Year 2004	Calendar Year 2005	
	Number of Federal Low Income subscribers	Number of Missouri Low Income subscribers*	Number of Missouri Disabled subscribers*
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTAL:	0	0	0

* Effective for 2005 calendar year
Annual Report.

12. CLEC-IXC Annual Report of _____
for the year ending December 31, _____

COMPETITIVE LOCAL EXCHANGE CARRIER ACCESS LINE REPORT

[illegible]

**Instructions for completing the
Competitive Local Exchange Carrier Access Line Report**

I. BACKGROUND

In opening local telephone markets to competition, the Missouri Public Service Commission (MoPSC) is interested in determining and tracking the amount of actual competition occurring throughout the state. For a variety of reasons including but not limited to statutory reasons, the MoPSC finds it necessary to track the level of competition in local telephone markets.

II. PURPOSE

The purpose of this portion of the Annual Report is to ascertain, on an exchange specific basis, the number of voice-grade equivalent access lines in service being provided by your company in each exchange (as identified in your tariff) in Missouri. Information is sought for residential and business voice-grade equivalent access lines on an exchange-by-exchange basis. **Please use the common exchange name as shown in your tariffs.** Further, information is sought on the following ways of provisioning each access line: (A) pure resale lines; (B) unbundled network element lines (UNE); (C) unbundled network element platform lines (UNE-P); and, (D) pure facility based lines. **Please report on a separate line the number of company used lines.**

III. WHAT IS MEANT BY "VOICE TELEPHONE SERVICE"?

Voice telephone service means local exchange or exchange access services that allow end users to originate and terminate local telephone calls on the public switched telephone network, whether used by the end user for telephone calls or for other types of calls carried over the public switched network (for example, lines used for facsimile equipment and "dial-up" internet lines).

IV. WHAT IS MEANT BY "VOICE-GRADE" EQUIVALENT LINES?

You are to report voice-grade equivalent lines. Count as one voice-grade equivalent line: traditional analog POTS lines, Centrex-CO extensions, and Centrex-CU trunks. Count lines based on how they are charged to the customer rather than how they are physically provisioned. For example, count Basic Rate Integrated (BRI) and Digital Network (ISDN) Services lines as two voice-grade equivalent lines. Report 8 voice-grade equivalent lines if a customer buys 8 trunks that happen to be provisioned over a DS1 circuit. If a customer buys a DS1 circuit that is provided as channelized service, report 24 voice-grade equivalent lines, even if there is some indication that the customer is only using 8 of the derived lines. Thus, a voice-grade equivalent line is a line that directly connects an end user to a carrier and allows the end user to originate and terminate local telephone calls on the public switched network.

Voice-grade equivalent lines include high capacity (DS1, DS-3, etc.) lines that are channelized to provide voice-grade service. In such instances, it is the number of channels available for voice traffic to/from the public switched network that should be counted as voice-grade equivalent access lines. **Note for competitive LEC's providing local exchange service over hybrid fiber-coaxial cable television systems:** Count your records and report how many voice-grade equivalent lines are being billed.

**Instructions for completing the
Competitive Local Exchange Carrier Access Line Report Con'td.**

V. WHAT IS MEANT BY PURE RESALE VOICE GRADE EQUIVALENT LINES?

Pure resold lines are those lines provided pursuant to § 251 (c)(4) of the Communications Act of 1934, as amended. Pure resold lines are those lines not owned or controlled by the telephone company billing the end user for the service. Pure resold lines are typically leased from an underlying carrier at a wholesale discount off the tariffed rate. The use of resold lines exclusively provides a means to offer service without owning or controlling any equipment. Pure resold lines are those lines provided under a general or local exchange tariff, but without benefit of an accompanying switched access tariff.

VI. WHAT IS MEANT BY UNBUNDLED NETWORK ELEMENT (UNE) LINES?

UNE lines are those lines where the carrier provides some portion of the equipment required to provide telephone service. The most common example is a competitive LEC who provides the switching but leases a loop (or extended loop) from the incumbent LEC. UNE loops are obtained on a stand alone basis and service is provided to the end user without combining other UNEs. Service provisioned over UNE loops requires the carrier to lease a loop from another LEC in order to connect the customer to the carrier's own switch. UNE lines are provided under a general or local exchange tariff in combination with a switched access tariff.

VII. WHAT IS MEANT BY UNE-P VOICE GRADE EQUIVALENT LINES?

UNE Platform (UNE-P) lines are those lines utilizing a combination of UNEs so that service provisioned over UNE-P lines does not require the carrier to use its own switch, port, or loop. UNE-P lines are commonly used by competitive LECs. UNE-P lines are provided under a general or local exchange tariff in combination with a switched access tariff.

VIII. WHAT IS MEANT BY FULL FACILITY BASED VOICE GRADE EQUIVALENT LINES?

Full facility based lines are those lines owned or controlled exclusively by a local exchange carrier and used to connect to an end user's premises. Count as your own such facilities, those facilities that you actually owned as well as facilities such as dark fiber that you obtained the right to use from other entities. Do not include, as full facilities based lines, lines provided over UNE loops that you obtained from another carrier. Full facility based lines are provided under a general or local exchange tariff in conjunction with a switched access tariff.

IX. WHAT IS MEANT BY PUBLIC ACCESS LINES?

Some carriers (particularly incumbent carriers) still separate pay telephone lines from business lines. Use this column to report pay telephone lines if your company tariffs reflect pay telephone lines distinct from business lines.

X. WHAT IS MEANT BY EXCHANGE?

"Exchange" as defined in Missouri Revised Statutes §386.020(16), is a geographical area for the administration of telecommunications services, established and described by the tariff of a telecommunications company providing basic local telecommunications service.

Submitting this Annual Report is an "option" through EFIS.

A registered official company representative is authorized to utilize this option, type in all necessary information below, including the Notary's information (pursuant to Sections 432.200 and 432.295). After submitting the Annual Report through EFIS, you will receive a BMAR (confirmation) number. Indicate that BMAR number on the original and retain for your records.

CLEC-IXC	
Annual Report of _____	for the year ending December 31, _____
VERIFICATION	
The foregoing report must be verified by the oath of the President, Treasurer, General Manager or Receiver of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken	
OATH	
State Of _____	} ss:
County Of _____	
_____ makes oath and says that (Insert here the name of the affiant)	
s/he is _____	(Insert here the official title of the affiant)
of _____ (Insert here the exact legal title or name of the respondent)	
that s/he has examined the foregoing report; that to the best of his or her knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent.	
_____, _____, to and including _____, _____	
_____ (Signature of affiant)	
Subscribed and sworn before me, a _____ in and for the	
State and county above named, this _____ day of _____, 20	
My Commission expires _____, 20	
_____ (Signature of officer authorized to administer oaths)	
Missouri Revised Statutes § 392.210	

Original in its entirety must be mailed (if not utilizing EFIS) to:
Manager of the Data Center
MoPSC, 200 Madison Street, Suite 100
Jefferson City, MO 65101 (P.O. Box 360, 65102-0360)

Brief Description of Competitors

Explanation of Terms:

“Full Facility Basis” generally refers to a situation where the company is providing local voice service over its own facilities which are comprised of the local loops and switch.

“UNE-L” refers to a situation where the company is providing local voice service using either its own local loops or its own switch.

“UNE-P” refers to a situation where the company leases all network elements, including local loops and switching, from the incumbent local telephone company.

Big River Telephone Company, LLC (Big River) has been providing service primarily on a UNE-P basis where the company leases facilities from the incumbent telephone company. The company reported providing some service on a UNE-L basis in their last annual report. At this time, Staff is attempting to confirm if Big River is converting from serving customers on a UNE-P basis to a UNE-L basis. The company has a switch in Cape Girardeau.

Charter Fiberlink – Missouri, LLC (Charter) provides local voice service and video services generally on a full facility based basis.

Everest Midwest Licensee LLC (Everest) provides local voice service on both a full facility basis and a UNE-L basis. Everest owns a switch in Kansas City.

Global Crossing Local Services, Inc. (Global Crossing) provides local voice service on a UNE-L basis. The company owns a switch in Kansas City and leases loops from the incumbent local exchange carrier.

MCIMetro Access Transmission Services, LLC (MCI) provides local voice service on a full facility basis, UNE-L, and UNE-P basis. MCI owns a switch in St. Louis.

McLeodUSA provides local voice service on the basis of resale, UNE-P, and UNE-L. The company owns a switch in St. Louis, Kansas City and Springfield.

Missouri Telecom, Inc. provides local voice service on a UNE-L basis. The company leases loops from the incumbent local exchange carrier and uses its own switch in Springfield. In some limited situations Missouri Telecom, Inc. has installed its own loops for service to Internet Service Providers.

NPG Cable, Inc. d/b/a St. Joseph Cablevision, Inc. provides local voice service on a UNE-L basis where the company uses its own local loop facilities. The company uses Sprint Communications Company L.P.’s switching facilities.

NuVox Communications of Missouri, Inc. (NuVox) provides local voice service on a UNE-L basis where NuVox leases a loop from the incumbent local exchange carrier and utilizes their own switch in St. Louis. At this time Staff is attempting to verify an additional switch location.

SEMO: Not certificated by the Missouri Public Service Commission. Staff is attempting to verify if the company is providing service and if so, how.

Socket Telecom, LLC (Socket) provides local voice service through a full facility basis and UNE-L basis. The company has its own switch in St. Louis. Service provided on a full facility basis tends to serve solely an internet service provider.

Sprint Communications Company, L.P. has been providing service primarily on a UNE-P basis. At this time Staff is attempting to confirm whether the company is converting service to a UNE-L basis. The company does provide some switching services for cable TV companies providing local voice services.

Time Warner Cable Information Services (Missouri), LLC (Time Warner) is an affiliate of a cable company providing local voice service and video services generally on a full facility basis.