

Exhibit No.:  
Issues: Access Tariff Revision  
Witness: William J. Warinner  
Type of Exhibit Direct Testimony  
Sponsoring Party: Holway Telephone Company  
Case No.: TT-2001- 119  
Date: August 23, 2000

FILED

AUG 23 2000

**DIRECT TESTIMONY**

**OF**

Missouri Public  
Service Commission

**WILLIAM J. WARINNER**

**ON**

**BEHALF OF**

**HOLWAY TELEPHONE COMPANY**

In the matter of the tariff filing of )  
Holway Telephone Company )

Case No. T T-2001 -

County of Johnson )  
State of Kansas )

AFFIDAVIT OF

WILLIAM J. WARINNER

William J. Warinner, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of William J. Warinner," that said testimony and schedules attached thereto was prepared by him and/or under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information and belief.

William J. Warinner  
William J. Warinner

Subscribed and sworn to before me this 21<sup>st</sup> day of August, 2000.

Kathleen T. Coyte  
Notary Public

My Commission expires:

7/2/2004

**Kathleen T. Coyte**  
Notary Public - State of Kansas  
My Appt. Expires 7/2/2004

1    **Q.    WILL YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

2    A.    My name is William J. Warinner. My business address is 10901 West 84<sup>th</sup>  
3        Terrace, Suite 101, Lenexa, Kansas, 66214-1631

4  
5    **Q.    BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

6    A.    I am the managing principal in the firm of Warinner, Gesinger & Associates,  
7        LLC, Certified Public Accountants.

8  
9    **Q.    PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL AND WORK**  
10       **BACKGROUND.**

11   A.    I am a 1975 graduate of Rockhurst College in Kansas City, Missouri whereby I  
12        received a Bachelor of Science degree in Business Administration with a major in  
13        Accounting. In 1975, I was employed by the certified public accounting firm of  
14        Troupe Kehoe Whiteaker & Kent (TKWK) to assist in the preparation of income  
15        tax returns and certified financial audits. In 1976, I transferred to the Firm's  
16        regulated utility department where I was responsible for preparing rate case  
17        support and division of revenue cost studies for telephone company clients of the  
18        Firm. In 1978, I became manager of telecommunications regulatory services at  
19        TKWK. In 1983, I joined the consulting firm of Drees Dunn & Company as  
20        manager of regulatory services where my responsibilities included preparation of  
21        certified financial audits of independent telephone companies, preparation of toll  
22        cost studies, preparation of access charge tariff filings, business planning and  
23        economic modeling. In 1988, I co-founded the certified public accounting firm of

1 Frederick & Warinner (F&W). F&W was formed specifically to address the  
2 financial needs of rural independent telephone companies. At F&W, I developed  
3 *Revenue Management Systems*, a Part 36/69 cost allocation software system  
4 designed for use with personal computers. On January 1, 1995, I organized  
5 Frederick & Warinner, L.L.C. of which I am currently the managing principal. In  
6 April of 1999, the firm became Warinner, Gesinger & Associates, LLC.

7  
8 I am a Certified Public Accountant and member of the American Institute of  
9 Certified Public Accountants. I currently hold a license to practice in the States of  
10 Colorado, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Minnesota,  
11 Mississippi, Missouri, New York, Oklahoma, and Washington, D.C.

12  
13 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

14 A. Holway Telephone Company, hereinafter Company.

15  
16 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

17  
18 A. The purpose of my direct testimony is to support a revision to the Company's  
19 intrastate access tariff which is being filed simultaneously herewith. Essentially,  
20 the revision seeks to eliminate the "interim and subject to refund" provision which  
21 currently exists with regard to the Company's intrastate originating and  
22 terminating Carrier Common Line (CCL) rates.

1 Q. ARE YOU SPONSORING ANY SCHEDULES? IF SO, PLEASE  
2 IDENTIFY SAME.

3

4 A. Yes, I am sponsoring the following schedules:

5	<u>Schedule No.</u>	<u>Description of Schedule</u>
6	1	Copy of current access tariff with "interim, subject
7		to refund language"
8	2	Prior Period Demand and Revenues
9	3	Post Period Demand and Revenues
10	4	Comparison of Prior and Past Revenues
11	5	Intrastate Revenue Requirement

12

13 Q. WERE THESE SCHEDULES PREPARED BY YOU OR UNDER YOUR  
14 DIRECT SUPERVISION?

15

16 A. Yes.

17

18 Q. PLEASE EXPLAIN THE TARIFF REVISION THAT THE COMPANY IS  
19 PROPOSING AND THE REASON FOR THIS REVISION.

20

21 A. On August 1, 1999, the Company implemented intraLATA dialing parity or equal  
22 access (ILDPA) and simultaneously therewith terminated the Primary Toll Carrier  
23 (PTC) Plan in accordance with orders from the Commission in Case No. TO 99-  
24 508 and TO 99-254, respectively. At that time, the Company was given the

1 option to file revisions to its intrastate access rates in order to maintain revenue  
2 neutrality as a result of the elimination of the PTC Plan. The Company took  
3 advantage of this option and on August 1, 1999, implemented revised intrastate  
4 CCL rates to recover some but not all of the revenue shortfall it anticipated  
5 experiencing as a result of the elimination of the PTC Plan. In accordance with  
6 the Commission's Orders issued to eliminate the PTC Plan and approve the  
7 Company's ILDP Plan, the Company implemented the revised intrastate CCL  
8 rates on "an interim, subject to refund" basis. A copy of the current access tariff  
9 sheet containing this "interim, subject to refund" condition is attached hereto as  
10 Schedule 1. The Company has the necessary data which indicates that even with  
11 the implementation of the revised intrastate access rates it has not received more  
12 intrastate access revenues after the elimination of the PTC Plan than it received  
13 prior to elimination of the PTC Plan. Accordingly, the Company seeks in this  
14 filing to simply eliminate the "interim subject to refund" language.

15  
16 **Q. PLEASE DESCRIBE THE ANALYSIS YOU PERFORMED TO**  
17 **DETERMINE THAT THE COMPANY'S POST-PTC PLAN REVENUES**  
18 **DO NOT EXCEED ITS PRE-PTC PLAN REVENUES.**

19  
20 **A.** The six month period prior to elimination of the PTC Plan was examined to  
21 determine the amount of intrastate access revenue billed by Holway for the  
22 period from February 1, 1999 through July 31, 1999. This information was  
23 derived from the minutes of use that generated the carrier access billings (CABs)

1 to intrastate interexchange carriers (IXC's) for the period of February, 1999  
2 through July, 1999. Next, the six month period from October 1, 1999 through  
3 March 31, 2000 was analyzed to determine the amount of intrastate access  
4 revenue billed by Holway after elimination of the PTC Plan. Again, this  
5 information was taken from the minutes of use that generated the CABs  
6 statements to intrastate IXCs for the period of October, 1999 through March,  
7 2000. The months of August and September were excluded because of the mix  
8 of the minutes of use for both pre-PTC Plan and post-PTC Plan revenues. This  
9 analysis is presented in Schedules 2 and 3 attached hereto.

10  
11 **Q. WHAT DID THE RESULTS OF YOUR ANALYSIS DEMONSTRATE?**

12  
13 **A.** My analysis as shown on Schedule 4, Comparison of Revenues, clearly  
14 demonstrates that the CCL rates effective with elimination of the PTC Plan on  
15 August 1, 1999 have not produced more intrastate access revenue than the  
16 intrastate access revenue prior to elimination of the PTC Plan and that therefore  
17 no refund is due to carriers. In other words, the Company has not exceeded the  
18 revenue neutral position it sought to maintain after elimination of the PTC Plan.

19  
20 **Q. WITH RESPECT TO YOUR ANALYSIS OF PRE- AND POST-PTC PLAN**  
21 **REVENUES, HAVE YOU MADE ANY ADJUSTMENTS?**  
22

1 A. No adjustments were made. However, the development of the current approved  
2 CCL rates, based upon revenue neutrality, removed the CCL cap and created  
3 parity with the interLATA and intraLATA CCL rates. In addition, with the  
4 elimination of the PTC Plan, intraLATA terminating access revenue would no  
5 longer be developed based on an terminating/originating (T/O) factor.

6  
7 **Q. DO YOU CONSIDER THE COMPANY'S TARIFF FILING TO BE A**  
8 **REQUEST FOR A GENERAL RATE INCREASE?**

9  
10 A. No. The Company's filing simply seeks to make permanent the interim rates it  
11 has charged since August 1, 1999. The Commission rules define a general rate  
12 increase request as one where the Company or utility files for an overall increase  
13 in revenues through a Company-wide increase in rates for the utility service it  
14 provides (4 CSR 240-10.070(2)). In this case, the Company's revenue neutral  
15 filing did not seek to increase its overall revenues and, in fact, as previously  
16 demonstrated, the Company's interim rates did not produce revenues after  
17 elimination of the PTC Plan that exceeded revenues experienced prior to  
18 elimination of the PTC Plan. This tariff filing simply seeks to eliminate the  
19 "interim, subject to refund" language from the tariff and maintain the rates that  
20 have been in effect since August 1, 1999. It is important to note that those interim  
21 rates did not result in a "overall increase in revenues" to the Company.

22



1    **Q.    HAVE YOU NEVERTHELESS PREPARED A REVENUE**  
2    **REQUIREMENT ANALYSIS FOR THE COMPANY?**

3

4    A.    Yes. While the Company does not believe it is appropriate to engage in an  
5    earnings analysis to determine whether or not it is entitled to maintain revenue  
6    neutrality as a result of elimination of the PTC Plan, a revenue requirement  
7    analysis was performed which provides the Commission with the earnings  
8    information required as contained in its orders in the PTC Plan case. This  
9    revenue requirement analysis is for the six month period of October 1, 1999  
10   through March 31, 2000 and is attached hereto as Schedule 5.

11

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

13

14   A.    Yes, it does.

## P.S.C. MO. No. 1 CONSOLIDATED

HOLWAY TELEPHONE COMPANY

4th Revised Sheet No. 4.1.1.1  
 Cancels 3rd Revised Sheet No. 4.1.1.1  
 For Maitland, Skidmore, Missouri

## ACCESS SERVICE TARIFF CONCURRENCE

SEP 15 1999

12. Rates and Charges (Cont'd)12.1 Holway Telephone Company (Cont'd)

MO. PUBLIC SERVICE COMMISSION

12.1.2 Switched Access Service (Cont'd)

	Rate per Access Minute	Tariff Section Reference
(C) <u>End Office Premium Access</u>		
1. Local Switching		
LS2 (Feature Group C&B (WATS))	.0118	6.2 (B) (1)
LS1 (Feature Group A & B)	.0077	6.2 (B) (1)
2. Line Termination		
1. Common	.0149	6.2 (B) (2)
2. Special Access	.0149	6.2 (B) (2)
3. Directory Assistance	.0397	6.2 (B) (3)
Info. Surcharge		
(Per 100 Access Minutes)		
(D) <u>800 Data Base Access Service</u>		
1. Basic Rate – per query	.012885	6.3.6 (A) (4) (a)
2. Vertical Features Rate	.014229	6.3.6 (A) (4) (a)
- per query (replaces basic rate)		

**Note:** The Carrier Common Line (CCL) rates shown as 12.1.1 (A) are interim and subject to refund pursuant to the Commission's orders in Cases No. TO-99-254 and TO-99-508, or as these decisions may be subsequently modified by a final decision on appeal.

(N)  
—  
(N)Missouri Public  
Service Commission

FILED OCT 15 1999

Issued: September 15, 1999

Issuing Officer:  
 Evan Copsey  
 President

Effective: October 15, 1999

P.O. Box 112  
 Maitland, Missouri 64466