

Exhibit No.:
Issues: *Service Offerings; Rate and Service Plans; FCC Requirements to Advertise, Use Media of General Distribution; Availability and Charges for Services; and Public Interest*
Witness: *Kevin Dawson*
Sponsoring Party: *Missouri RSA No. 7 Limited Partnership
d/b/a Mid-Missouri Cellular*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *TO-2005-0325*
Date Prepared: *July 14, 2005*

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**
CASE NO. TO-2005-0325

**MISSOURI RSA No. 7 LIMITED PARTNERSHIP
d/b/a MID-MISSOURI CELLULAR**

Surrebuttal Testimony

Of

KEVIN DAWSON

July 14, 2005

1 **SURREBUTTAL TESTIMONY OF**

2 **KEVIN DAWSON**

3 **APPLICATION OF MISSOURI RSA No. 7 LIMITED PARTNERSHIP**

4 **d/b/a MID-MISSOURI CELLULAR**

5 **CASE NO. TO-2005-0325**

6 **Q. Please state your name.**

7 A. My name is Kevin Dawson.

8 **Q. Are you the same Kevin Dawson that previously submitted pre-filed Direct**
9 **Testimony in this case on or about March 23, 2005?**

10 A. Yes. I am the same person who previously submitted that pre-filed testimony on that
11 date.

12 **Q. From a substantive standpoint, is there anything that has changed since the time**
13 **your Direct Testimony was filed?**

14 A. No.

15 **Q. What is the purpose of your Surrebuttal Testimony?**

16 A. The purpose of my Surrebuttal Testimony is to respond in part to the pre-filed
17 Rebuttal Testimony by Citizens Telephone Co. of Higginsville (“Citizens”), Alma
18 Communications Co. d/b/a Alma Telephone (“Alma”) and Mid-Missouri Telephone Co.
19 (“MMTC”) by a joint witness, Spectra Communications Group, LLC, d/b/a CenturyTel
20 (“Spectra”) and CenturyTel of Missouri, LLC. (“CenturyTel”) also filed by a joint witness, as
21 well as the pre-filed Rebuttal Testimonies of the Missouri Public Service Commission Staff
22 (“MoPSC Staff”) and the Office of Public Counsel (“OPC”). I shall refer to Citizens, Alma
23 and MMTC collectively as the Independent Intervenors and, Spectra and CenturyTel

1 collectively as the CenturyTel Intervenors. Reference to Intervenors shall refer collectively
2 to both groups and SBC.

3 **Q. Have you had an opportunity to review the Rebuttal Testimony of Mr. Robert C.**
4 **Schoonmaker presented on behalf of Citizens, Alma and MMTC (in Case No. TO-2005-**
5 **0325) regarding the Application for ETC Designation of MMC?**

6 A. Yes. I have.

7 **Q. Have you likewise had an opportunity to review the Rebuttal Testimony of**
8 **Mr. James E. Stidham, Jr. presented on behalf of SBC?**

9 A. Yes. I have.

10 **Q. Have you had an opportunity to review the Rebuttal Testimony of Mr. Glenn**
11 **Brown presented on behalf of Spectra and Century?**

12 A. Yes. I have.

13 **Q. Have you had an opportunity to review the Rebuttal Testimony of Mr. Adam**
14 **McKinnie presented on behalf of MoPSC Staff?**

15 A. Yes. I have.

16 **Q. And have you likewise had an opportunity to review the Rebuttal Testimony of**
17 **Ms. Barbara A. Meisenheimer presented on behalf of the OPC?**

18 A. Yes. I have.

19 **Q. The witnesses for the Intervenors focus on similar issues but Mr. Schoonmaker**
20 **appears to go into greater detail with respect to most of these issues. For purposes of**
21 **clarity, I am therefore going to ask questions relating to Mr. Schoonmaker's testimony**
22 **first and then ask you to address any items raised by the other Intervenor witnesses, the**
23 **MoPSC staff witnesses and the OPC witness to the extent not already addressed in your**

1 **testimony at that point in time. Before delving into the specifics of Mr. Schoonmaker's**
2 **testimony, do you have any general observations about the testimony of this witness?**

3 A. Yes I do. I am somewhat troubled that Mr. Schoonmaker did not limit his testimony
4 to issues of fact or even policy but rather includes several direct attacks at the veracity of
5 MMC, and questions whether MMC has submitted information in good faith.
6 Mr. Schoonmaker submits absolutely no basis upon which to challenge the *bona fides* of the
7 MMC testimony but, none the less, proceeds to imply that MMC has lied in its application
8 and sworn testimony.

9 **Q. Can you provide us with some examples of what you are referring to?**

10 A. Certainly. Mr. Schoonmaker "testifies" that he "...would fear that MMC's
11 stockholders may be the primary beneficiaries of [ETC] designation." (Schoonmaker
12 Rebuttal p.22, lines 11-12). Incredibly, Mr. Schoonmaker filed this testimony on behalf of
13 Intervenor companies that includes Alma. As Mr. Kurtis testifies in his surrebuttal, there is
14 evidence before the MoPSC that Alma has taken steps to do precisely that which
15 Mr. Schoonmaker accuses MMC of doing; lining the pockets of the Alma shareholders at the
16 expense of the USF to the amount of an *additional* \$300,000 to \$350,000 "profit" per year.

17 **Q. Are there any further examples of this type of "testimony?"**

18 A. Yes. Mr. Schoonmaker "questions" whether I have testified honestly with respect to
19 MMC's current and intended practices. In the context of my testimony regarding service
20 requests, Mr. Schoonmaker challenges my veracity by questioning ". . . whether such
21 procedures will be followed, or whether they are paper procedures only." (Schoonmaker
22 Rebuttal p. 32, lines 3-4). He offers absolutely no basis upon which to question my veracity,
23 but nonetheless proceeds to impugn my character.

1 In response to my specific testimony regarding MMC's need for USF in order to
2 complete its CDMA overlay, Mr. Schoonmaker again, without providing any basis or support
3 states that “. . . the CDMA overlay will likely be completed, regardless of whether ETC
4 status is granted. . . .” (Schoonmaker Rebuttal p. 36, lines 1-2). Other than a cursory
5 reference to “federal mandates of E-911 Phase II”, he offers no support for this conclusion
6 either.

7 When Mr. Schoonmaker must, reluctantly, acknowledge that MMC has clearly met
8 its obligations and burdens, in doing so he again attempts to raise doubt by implying, again
9 without support, that I have lied in my sworn testimony. For example, when comparing the
10 two MMC Lifeline-only service plans to the higher-cost LEC offerings, Mr. Schoonmaker,
11 while acknowledging that they “compare quite favorably to the ILECs' plans” challenges the
12 veracity of my testimony by inserting the phrase “. . . if there truly will be no per minute
13 charges. . .”. (Schoonmaker Rebuttal p. 25, line 15). Again, Mr. Schoonmaker offers no
14 basis for the implication that I have lied in my testimony and provides no basis for
15 challenging that the terms of the proposed plans, which I have sworn to under oath, would
16 not be as I testified.

17 I am also troubled that Mr. Schoonmaker is less concerned with the accuracy of his
18 assertions than their sensationalism. For example, Mr. Schoonmaker testifies that there is
19 robust competition in the rural LEC exchanges and testifies, under oath, that “. . . in response
20 to a request for wireless competitors in the local serving area of Citizens, Alma and MMTC,
21 [MMC] has confirmed the Commission's previous finding and lists the six wireless
22 competitors.” (Schoonmaker Rebuttal p. 53, lines 10-12). At least in this instance
23 Mr. Schoonmaker provided a copy of the actual data response as Schedule RCS – 7 which

1 shows that MMC was able to confirm *only* that the six identified carriers were providing
2 service in some portion of MMC's FCC-licensed service area but could *not* identify “. . . the
3 extent of coverage each of these carriers may or may not provide in the referenced LEC
4 wirecenters.” This is just one of numerous examples where Mr. Schoonmaker appears to be
5 more intent on making a dramatic statement than in determining whether or not the statement
6 is true. I note that this challenge to Mr. Schoonmaker's veracity is fully supported and
7 documented, in sharp contrast to his “off the cuff” remarks against me.

8 While I will respond to the issues raised in Mr. Schoonmaker's testimony, the
9 MoPSC should be concerned over Mr. Schoonmaker providing “sworn testimony” with
10 unsupported, inflammatory challenges to the veracity of a witness especially when viewed in
11 the light of his own willingness to submit intentionally misleading testimony and in light of
12 the concrete, documented facts before this Commission relating to the actions of Alma. I
13 would hope that Mr. Schoonmaker would, at the least, promptly withdraw all of his
14 unsupported challenges to my veracity and MMC and move to quickly clarify each and every
15 case where he has attempted to manipulate the outcome of this proceeding by submitting
16 unsupported, inflammatory or deliberately misleading information.

17 **Q. With those preliminary observations having been made, let's focus on the**
18 **specifics of Mr. Schoonmaker's testimony. Mr. Schoonmaker testifies that the grant of**
19 **an ETC designation would not result in any lower rates for subscribers. Is this correct?**

20 A. No. As I indicated in my direct testimony, MMC intends to offer some new plans
21 that it can only offer if it is designated as an ETC. Mr. Schoonmaker appears to understand
22 the two Lifeline-only plans (which he characterizes as comparing quite favorably to the LEC
23 Lifeline Rate plans). He also acknowledges the MMC ILEC-Equivalent plan which would

1 be at a rate of \$14.50 per month and would allow for unlimited outbound calling to any
2 number rated to the service area of a subscriber's underlying ILEC and unlimited inbound
3 calling. Overlooked by Mr. Schoonmaker is the fact that included in this price are call
4 waiting, call forwarding, three way calling, caller ID and mobility within the MMC cell site
5 or sites that serve the subscriber's home ILEC calling area. Under the ILEC Equivalent
6 Plans the customer would be allowed to pre-subscribe an IXC of their choosing.

7 **Q. How do these rates compare with the ILEC rates?**

8 A. Very favorably. The MMC ILEC-Equivalent plan is the most "apples to apples"
9 comparison with ILEC service. As compared to the MMC rate of \$14.50, according to
10 Mr. Schoonmaker the small ILEC Intervenor's comparable residential rates are as follows:

11	Alma Telephone	\$13.00
12	Citizens Telephone	\$14.90
13	MMTC	\$14.50

14 (Schoonmaker Rebuttal p. 19, lines 14-19). However, in making this rate comparison
15 Mr. Schoonmaker again neglects to take into account that the MMC plan includes call
16 waiting, call forwarding, 3-way calling, caller ID and voicemail as well as mobility within
17 the ILEC local calling area. The vertical features are available to the ILEC subscribers at
18 additional cost while the mobility is not available for an ILEC subscriber at any price. Mr.
19 Schoonmaker does not list the rates for other ILECs with service areas within which MMC
20 seeks ETC designation. The MMC rate plans compare very favorably to the rates of these
21 ILECs as well. To the extent that the ILEC had a tariff on file with the MoPSC or that I
22 could obtain the information directly from the ILEC, I have identified those rates.

1 I have included the rates that could be identified for each ILEC in MMC's proposed ETC
2 service area in a series of analysis that I prepared comparing the ILEC rates to MMC's ILEC
3 Equivalent plan that MMC has committed to offer if ETC designation is granted. I also
4 showed the comparable business rate for each ILEC because in several instances the business
5 rate was different from the residential rate. I believe it is appropriate to look at how both the
6 ILEC's residential and business rates compare to MMC's rate plans, because MMC does not
7 have a residential/business differential in its plans. My rate comparison analyses are filed
8 herewith as Appendix V.

9 **Q. Have you determined the dollars associated with Caller ID and vertical services**
10 **that should be added to the ILEC basic plan rates or subtracted from the MMC rates in**
11 **order to make an "apples to apples" comparison with MMC's rate plans?**

12 A. Yes. I have done so in my rate comparison analysis mentioned above. I also showed
13 the comparable business rate for these features for each ILEC because in several instances
14 the business rate was different from the residential rate. Where I was unable to determine the
15 rates charged for these features by a particular ILEC, I assumed for purposes of my rate
16 analysis that its rate would be the same as a similar sized ILEC and therefore used the rate
17 from such other ILEC.

18 **Q. What do your rate analyses show?**

19 The near "apples to apples" comparison of the MMC ILEC-Equivalent Plan is far less
20 expensive. I have also included analysis for MMC's \$39.95 plan which includes a local
21 calling scope throughout MMC's entire service area and unlimited nationwide toll free "any
22 time" minutes available throughout the country originated in MMC's license area. That plan

1 also compares quite favorably with the ILEC plans (which, of course, include only an
2 extremely limited local calling area, no mobility and no bundled toll).

3 Clearly, MMC's proposed ILEC Equivalent Plan that will be offered if ETC
4 designation is granted will be a benefit to Missouri consumers in MMC's rural ETC service
5 area in the form of lower cost. This is in addition to the benefit of mobility. These benefits
6 should weigh heavily in favor of a finding that the grant of ETC designation to MMC will be
7 in the public interest.

8 **Q. Can't MMC offer the ILEC Equivalent Plan now at the same rates?**

9 A. No. The ability to offer unlimited local calling at the prices set forth in these plans is
10 wholly contingent upon MMC receiving USF support in its proposed ETC service area. Just
11 as the rural ILEC is able to offer lower rates to its subscribers through the use of USF
12 support, so would MMC.

13 **Q. The ILEC-Equivalent plan aside, have you reviewed the analysis which**
14 **Mr. Schoonmaker performed with respect to comparing the other MMC calling plans**
15 **to the ILEC plan?**

16 A. Yes I have. Another significant omission in Mr. Schoonmaker's testimony is that, in
17 addition to the vertical features and Caller ID services which are included in the comparable
18 MMC plans at the stated rates, the existing MMC plans he compares *include toll* in the
19 bundled minutes at no extra charge. So when comparing the pricing of the other MMC plans
20 to the ILEC plans, Mr. Schoonmaker also should have factored in the toll charges that the
21 ILEC customers pay which the MMC customers would not. In comparing the MMC and
22 ILEC rate plans, the MoPSC should factor in that the MMC rate plans at issue include
23 mobility both in the MMC home area as well as either state-wide or nation-wide with

1 roaming service with no additional charge. In sharp contrast, the ILEC plan works at the
2 phone jack in the house. If the subscriber is not “home” they miss the call. If they have an
3 emergency when they are not “at the phone” they cannot call for help.

4 **Q. Speaking of toll, Mr. Schoonmaker testifies that MMC has not committed to**
5 **provide Equal Access. Is this correct?**

6 A. As Mr. Kurtis testifies, the FCC has not required wireless carriers to offer equal
7 access, and it is not and should not be a USF requirement for wireless carriers unless the
8 wireless carrier is assuming carrier of last resort obligations, such as if the incumbent ILEC
9 abandons its ETC designation. MMC has committed to assume carrier of last resort
10 obligations if the ILEC drops its ETC designation. To be clear, MMC does hereby commit
11 that, in the event that it is designated as an ETC and the ILEC drops its ETC designation,
12 MMC would make equal access available to allow a subscriber that elects to pay its own toll
13 charges to pre-select its long distance carrier for all toll calls which the customer originates.
14 In addition, as stated above under MMC’s proposed ILEC-equivalent plan, I have made a
15 commitment on behalf of MMC that we will offer the customer equal access for customer
16 originated toll calls to the IXC of the customer’s choosing, with the customer paying for such
17 toll service to their pre-selected toll carrier. This commitment is made without regard to
18 whether the ILEC drops its ETC designation. For all other MMC plans, it would make no
19 sense for MMC to offer equal access or for the subscriber to accept such an offer, because
20 using an IXC other than MMC’s selected IXC would increase the cost to the subscriber with
21 no corresponding benefit.

22 **Q. Why doesn’t MMC offer equal access today?**

1 A. The purpose behind equal access is to allow the customer who is paying the toll
2 charges to select the carrier over which the traffic is routed. While this is relevant in the
3 wireline context where the subscriber is paying toll charges, it has not been a factor in the
4 wireless environment since the subscriber is offered toll at no additional charge in its bundled
5 minutes. When the subscriber “goes over” their bundled minutes, the additional “per
6 minute” charge is, again, a flat charge where the subscriber does not pay any additional toll
7 charges. Faced with the choice of selecting a carrier to *pay* directly for its toll or using the
8 wireless carriers’ toll provider and receiving the toll *for free*, no wireless subscriber elects to
9 use its own toll provider. This is why there has been no public outcry for equal access in a
10 wireless environment. All of MMC’s current calling plans include some type of bundled toll.
11 As stated previously, the “Safe & Sound” customers have subscribed to plans specifically for
12 safety or limited mobility and includes toll free calling within the MMC 7-county service
13 area.

14 Nevertheless, to the extent that MMC were designated as an ETC and the ILEC were
15 to seek to relinquish its ETC designation, MMC stands ready, willing and able to offer equal
16 access should any subscriber request it at the time in lieu of accepting the bundled toll
17 offered at no charge. Significantly, the MMC network has had the software to provide equal
18 access since MMC first installed its current network in 1991. Accordingly, it is not an issue
19 of whether MMC could offer equal access, it’s the reality that customers prefer *not* to pay for
20 toll far more than being able to select the toll provider to which they would directly pay for
21 their toll calls.

22 **Q. Are there any other misconceptions about the MMC service plans in**
23 **Mr. Schoonmaker’s testimony that you wish to address?**

1 A. Yes. Mr. Schoonmaker makes the *assumption* that MMC requires a long term
2 contract with its service plans. This assumption is incorrect. All MMC service plans are
3 available on a month-to-month basis. The only time that MMC requires a contract is if the
4 customer wishes to obtain a handset at a subsidized price. Then MMC requires a long term
5 contract to enable it to recover the cost of the subsidy. The length of the contract varies
6 depending upon the level of handset subsidy. However, even then, the customer remains
7 free to terminate the contract early by paying a \$200 early termination fee which is intended
8 to recover the cost of the handset subsidy.

9 **Q. Are you saying that if the customer is willing to pay the full retail price for the**
10 **phone that MMC does not require a long term contract?**

11 A. That is correct.

12 **Q. So is Mr. Schoonmaker in error when he asserts that MMC is violating the**
13 **CTIA Code for not disclosing its requirement of a long term contract?**

14 A. Yes, he is. But of course, the entire alleged “violation” was based upon his stated
15 “assumptions” as opposed to any known facts. Stating that MMC is in “violation” of the
16 CTIA code is far more “attention grabbing” than limiting the testimony to state that from the
17 web page Mr. Schoonmaker was unclear as to whether or not a long term contract was
18 required.

19 **Q. Mr. Schoonmaker urges that the MoPSC make a public interest evaluation on**
20 **an ILEC study area-by-study area basis to individually determine whether the**
21 **proposed ETC designation is in the public interest. Why didn’t MMC do so?**

22 A. First, I should say that MMC has shown a number of benefits associated with it being
23 designated as an ETC on a study area by study area basis, such as the lower rates shown in

1 the rate comparisons I am sponsoring as Appendix V. Also, a number of the benefits that
2 MMC has identified generally, such as a larger calling scope and mobility, will be realized
3 by subscribers in each and every study area in MMC's proposed ETC service area.

4 But as to network design and infrastructure expansion, imposing the study area by
5 study area notion on the public interest analysis would be tantamount to saying that no
6 wireless carrier should ever be designated as an ETC. This would violate the competitive
7 neutrality principal that Mr. Schoonmaker is so enamored with, because it would unfairly
8 favor one technology over another. Wireless networks simply are not built the same way
9 ILEC networks are built. The MMC network was developed to provide service to its FCC-
10 licensed service area. That licensed area is a Rural Service Area ("RSA") comprised of
11 specific counties in the state of Missouri. ILEC service areas do not correspond with the
12 RSA or county boundaries. In fact, the MMC service area encompasses at least a portion of
13 64 individual ILEC exchanges. In turn, one or more ILEC exchanges combine to make
14 distinct study areas. A few of those study areas, such as Alma and Citizens, are wholly
15 contained within the MMC RSA. Others are widely scattered throughout the state. In some
16 instances, although the particular ILEC exchange is rural in nature, the serving ILEC may not
17 be a rural carrier. In those cases, the "study area" concept becomes meaningless.

18 Mr. Schoonmaker suggests that the study area-by study area analysis is appropriate
19 because the wireless carrier draws its USF support based upon the ILEC. Mr. Schoonmaker
20 then implies that since the level of support is not based upon the wireless carriers own costs,
21 that the wireless carrier is receiving a "windfall" by basing its support on the ILEC costs;
22 windfalls which Mr. Schoonmaker asserts would be used to line the pockets of the MMC
23 "stockholders."

1 MMC recognizes that there are policy issues to be debated with respect to the level of
2 USF support that a wireless carrier receives. However, those discussions are being held
3 before the FCC and the Joint Federal-State Board on Universal Service. Other than their
4 “emotional” impact, these issues really have no basis in this proceeding. MMC cannot
5 receive support based upon its own costs. And while MMC does not have knowledge as to
6 the cost of providing ILEC service in any given exchange, MMC can accept that in some of
7 those exchanges, the rendition of wireline service may, in fact, be higher than the cost of
8 providing wireless service.

9 However, the reverse is also true. Non-rural carriers such as SBC do not receive any
10 high-cost support. MMC would receive *no* high cost support from subscribers in SBC
11 exchanges, even though the area served might well be a high cost rural area, simply because
12 the underlying ILEC is a non rural carrier. In other areas, the underlying LEC receives
13 support of only a few dollars per month. That level of support again mandates the level of
14 support that MMC can receive even if MMC’s cost to provide service to those rural areas is
15 substantially higher than the minimal USF support that MMC would receive in those ILEC
16 areas. However, as of this point in time, the law *requires* that a wireless ETC level of
17 support be based upon the underlying ILEC level of support.

18 The ability to draw support based upon a “blended” rate of all underlying LEC
19 carriers still results in the wireless carrier receiving overall support dramatically below the
20 level of support that a rural wireline LEC receives. The Commission should reject
21 Mr. Schoonmaker’s proposed application of the study area by study area notion that would
22 block a wireless ETC serving rural areas from receiving support based on the “blended”
23 support level concept.

1 **Q. But why doesn't the high level of support that the wireless carrier receives in the**
2 **rural ILEC service area dramatically slant the overall USF support to the "high end" of**
3 **the spectrum?**

4 A. The more rural the area, assuming service by a "rural" LEC, the greater the level of
5 the per-subscriber support MMC would receive. However, wireless carrier support is based
6 upon the subscriber billing address. Since the subscriber distribution is a function of
7 population density, a far greater number of MMC subscribers are found in the non-rural areas
8 or areas served by ILECs receiving a far lower level of USF support. Indeed, even where an
9 MMC subscriber lives in a rural-most area, if the MMC handset is used for business and
10 billed to a business billing address, the level of USF support for the business location sets the
11 level of support that MMC would receive for that subscriber.

12 **Q. So how does the overall level of per-subscriber support MMC would receive**
13 **compare with that for the Intervening ILECs?**

14 A. On a consolidated basis, MMC projects that its level of per-subscriber support would
15 be approximately ** ** per month even when including the relatively small number of
16 MMC subscribers that are located in the highest-cost ILEC service areas. When compared to
17 the level of support received by the rural ILECs, the MMC support is dramatically less, even
18 though MMC's support for any given subscriber would be identical to the ILEC support.

19 **Q. So what would be the result if, as Mr. Schoonmaker suggests, MMC was not**
20 **designated as an ETC in the "high cost" areas?**

21 A. The result would be to tie MMC's level of subscriber support only to the ILEC
22 exchanges where the level of support is dramatically below the cost to provide the wireless
23 service and would be contrary to the principles of universal service.

1 An ETC is precluded from using its USF support to provide service outside of its
2 ETC service area. Excluding some of most-rural portions of the MMC market from USF
3 support is a decision that means the rural citizens of Missouri would not have access to the
4 same type and level of wireless service offerings available in urban areas and in the rural-
5 most areas of other states where wireless ETC designation has been allowed. The record in
6 this case shows that denial of such service to the citizens of some of the most rural portions
7 of Missouri would disserve the public interest by precluding USF support for the rendition of
8 the very extensions of service it was intended to provide for.

9 **Q. In absolute dollars, how does MMC's support compare with the rural ILECs?**

10 A. Mr. Kurtis has provided some of this information in his surrebuttal testimony. As he
11 demonstrates, on a consolidated basis, the Independent Intervenors receive five times the
12 level of support MMC would receive.

13 **Q. So MMC does not feel that it is necessary to provide a more detailed study-area**
14 **by study area analysis?**

15 A. No, that's not the point. MMC has provided analysis to show how its ETC
16 designation would serve the public interest in the areas served by both the rural and non-rural
17 ILECs. From the standpoint of how MMC proposes to use the USF funds, MMC has
18 provided a detailed 5 year network enhancement plan. In Mr. Kurtis' Direct Testimony, he
19 provided a listing on a per-wire center basis of each wire center that would receive enhanced
20 service from each of the proposed MMC cell sites included in the MMC 5 year network
21 enhancement plan. So, from the standpoint of how MMC would use USF support, MMC has
22 provided a detailed analysis down to the wirecenter level, as the FCC has suggested.

23 **Q. What about a study-level analysis from a public interest perspective?**

1 A. Again, the advantages offered by MMC's wireless service are not limited to wire
2 center or study-area boundaries. Each and every one of the MMC advantages would extend
3 throughout the MMC service area; both as it presently operates and as its network would be
4 enhanced with the availability of USF funds.

5 **Q. But Mr. Schoonmaker testifies that there are 6 wireless carriers currently**
6 **providing service in the wire centers of the Intervenor. Doesn't that refute any**
7 **potential competitive service advantages that would arise from designation of MMC as**
8 **an ETC?**

9 A. No. As I previously explained, while Mr. Schoonmaker testifies that there are 6
10 wireless carriers serving in the Independent Intervenor ILEC exchanges, his supporting
11 documentation only demonstrates that the carriers listed are *licensed* to provide service in the
12 some or all of the area where MMC is licensed to provide service. I can say that MMC is
13 providing service to this area with 27 cells sites which are significantly more than most other
14 carriers.

15 **Q. But doesn't Mr. Schoonmaker make a point that the FCC has indicated that**
16 **there may be areas where the designation of multiple ETCs might be contrary to the**
17 **public interest?**

18 A. As Mr. Schoonmaker correctly points out, the bringing of state-of-the-art services to
19 rural citizens is a fundamental purpose underlying Universal Service. The Congress of the
20 United States, the FCC and the majority of other state commissions that have reached the
21 issue agree that USF should extend to wireless service providers. MMC does not share
22 Mr. Schoonmaker's apparent belief that the citizens of rural Missouri should not also be
23 entitled to access to state-of-the-art wireless services. Indeed, to date MMC has extended

1 wireless service to more of the most-rural portions of its FCC-licensed service area than other
2 wireless carriers. However, as MMC has shown, its ability to further extend those service
3 offerings is finite. MMC has proposed specific network enhancements that cannot
4 economically be made absent USF support; plans to further extend the reach of its network to
5 even more-rural portions of the RSA.

6 While MMC does not accept Mr. Schoonmaker's assertion that citizens of rural
7 Missouri must be limited to wireline service, if the MoPSC were inclined to accept
8 Mr. Schoonmaker's position that only a single type service should be available in rural
9 Missouri, then the MoPSC would have to determine whether, in areas where only a single
10 ETC could be designated, that ETC should be wireline or wireless. Clearly, there are no
11 supported services that cannot be provided by a wireless carrier. And while MMC sees
12 significant benefits to the citizens of rural Missouri having access to *both* wireline and
13 wireless offerings, if the MoPSC agrees with Mr. Schoonmaker that the citizens of rural
14 Missouri must be forced to choose one or the other type of service, he offers no reason as to
15 why the single ETC should be wired. For starters, the MoPSC could decide whether it was
16 more appropriate to continue Alma's support for its broadband video services to 100% of its
17 subscribers as compared to MMC's expanded wireless service to 64 ILEC exchanges.

18 **Q. Assuming that the MoPSC was to grant the MMC application, what happens**
19 **when the next wireless carrier comes along with the same showings?**

20 A. That would depend on the facts of that particular case. As Mr. Schoonmaker points
21 out, USF support is intended to be used to enhance service offerings for network-based
22 service providers. And just as Mr. Schoonmaker's "one to a market" analysis might be
23 appropriate if a competitive ETC was proposing to duplicate the wireline network in a high-

1 cost rural ILEC exchange (such as a CLEC overbuild) it could also be appropriate in the
2 context of multiple wireless carriers seeking USF support to build duplicative facilities to
3 serve the same wire centers. Just as ILECs are, in many circumstances, required to open
4 their networks to competitors, CMRS carriers are required to allow subscribers of any of
5 their competitors to access their wireless network. Section 20.12(c) of the FCC's rules states
6 that "(e)ach carrier subject to this section must provide mobile radio service upon request to
7 all subscribers in good standing to the services of any carrier subject to this section, including
8 roamers, while such subscribers are located within any portion of the licensee's licensed
9 service area where facilities have been constructed and service to subscribers has
10 commenced, if such subscribers are using mobile equipment that is technically compatible
11 with the licensee's base stations." That means that if MMC is designated as an ETC and
12 expands its coverage into less densely populated rural areas, the MMC infrastructure
13 enhancements supported by USF support would not only benefit MMC subscribers, but they
14 would also benefit subscribers of other wireless carriers using a compatible wireless phone in
15 the areas covered by those enhancements. Likewise, USF supported enhancements to the
16 wireless network by other wireless carriers could benefit MMC subscribers. So in areas with
17 high costs of providing service, the designation of multiple wireless ETCs may be no more
18 appropriate than the designation of an additional wired ETC. MMC accepts that at that point
19 in time and in that context, much of the arguments advanced by Mr. Schoonmaker relating to
20 the designation of "multiple ETCs in a given market" could become relevant. They are not at
21 issue in this case as there are no wireless ETCs designated in any portion of the proposed
22 MMC service area.

1 But the point to be made here is that, contrary to Mr. Schoonmaker's assertion,
2 designating MMC as an ETC to enable it to enhance its network to extend service to a
3 particular high-cost rural study area would *not* offer MMC a competitive advantage over
4 other wireless carriers since MMC would be required to allow roaming on its network by
5 subscribers of MMC's direct wireless competitors. Rather, as MMC has demonstrated, ETC
6 designation would allow MMC the level of support needed to construct these facilities in the
7 first place; facilities which would then be available for wireless service to the subscriber of
8 any wireless carrier that roams into the MMC market with a compatible handset.

9 **Q. Mr. Schoonmaker has also asserted that grant of ETC designation to MMC**
10 **would provide a disincentive for the wireline to continue enhancing its network and**
11 **result in "splitting" the rural market. Do you agree with that position?**

12 A. No. I note that other than Mr. Schoonmaker saying it could happen there is no basis
13 or explanation offered to show how designation of MMC as a wireless ETC would lead to
14 such a result. To support his position, Mr. Schoonmaker includes a quote from FCC
15 Commissioner Martin dating back nearly four years (well before the relevant cases cited by
16 Mr. Kurtis in his Direct testimony and the FCC's recently released guidelines that states are
17 encouraged to follow in designating competitive ETCs). Since Commissioner Martin (now
18 FCC Chairman Martin) supported the adoption of the new guidelines, we must conclude that
19 he believes those concerns raised many years ago have been addressed or, to the extent they
20 have not, are more properly addressed not in the context of each and every single ETC
21 designation but in the context of the broad policy decisions being reviewed on an ongoing
22 basis by the Federal and State Joint Board on Universal Service. From its own experience,
23 MMC has seen only limited instances where a rural wireless subscriber has elected to

1 disconnect their ILEC phone when they activate a wireless phone. Absent that, there is no
2 loss of USF support for the LEC.

3 **Q. What about Mr. Schoonmaker's position that designation of wireless ETCs will**
4 **provide a disincentive for ILECs to make additional investments?**

5 A. Again, other than making the assertion, Mr. Schoonmaker offers no support for that
6 conclusion. The premise for Mr. Schoonmaker's assertion is that the wireline carrier, which
7 would be able to recover its costs, is actually feathering the nest of the wireless carrier with
8 no such cost resulting in the wireless carrier receiving a "windfall". Of course, this is
9 nonsensical. The wireless carrier must continue to demonstrate to the MoPSC that all USF
10 funds it receives are being used as required by statute. Accordingly, other than for its
11 "sensationalism" this assertion has no value. Mr. Schoonmaker cites no cases where his
12 "fears" have materialized and there is no reason to believe that allowing wireless services to
13 be made available to some of the most rural communities in Missouri would have any greater
14 adverse impact than it has had elsewhere in the country. Indeed, Mr. Schoonmaker asserts
15 that the loss of customers will force the ILEC to be unable to recover its costs. However, the
16 level of support for the ILEC is based on its costs, rather than strictly upon the number of
17 subscribers being served. Accordingly, were the ILEC to lose subscribers, the level of per
18 subscriber support should increase to offset such a loss.

19 I also note that Mr. Kurtis has shown in his rebuttal testimony at least with respect to
20 one company Mr. Schoonmaker is testifying on behalf of, this is simply untrue. As the
21 MoPSC is aware, Alma has undertaken a \$5.6 million (\$16,000 per subscriber) total network
22 replacement *after* being served with a copy of MMC's ETC application.

23 **Q. Are there any other issues raised by Mr. Schoonmaker that you wish to address?**

1 A. Mr. Schoonmaker also makes some generalized arguments relating to the quality of
2 service issues but appears to be advocating a reduction in the level of ILEC regulation as
3 opposed to the relevance of applying ILEC standards to wireless carriers. Those issues are
4 not relevant to and need not be decided in the context of the MMC ETC application. MMC
5 believes that to the extent that the MoPSC were to decide these issues, it should do so in the
6 context of a formal rulemaking after the opportunity for and consideration of public
7 comment. MMC would participate in such a proceeding and understands that all ETCs, even
8 those designated prior to the adoption of any formal rules, would need to come into
9 compliance with subsequently adopted requirements. Just as the FCC has provided FCC-
10 designated ETCs with a period of time in which to come into compliance with its new
11 guidelines, MMC assumes the MoPSC would proceed similarly. MMC does, however, offer
12 the following observations in response to Mr. Schoonmaker's comments.

13 Many of the existing customer service safeguards were developed in the context of a
14 regulated monopoly service provider and not in the context of a competitive service provider.
15 Even in a situation where MMC might be the only wireless carrier providing coverage to a
16 given geographic service area, as I previously testified the FCC rules require that MMC
17 allow customers of any other service provider to utilize the MMC network as a "roamer." In
18 that context, the customer always has the safeguard of being able to obtain the exact same
19 service from any one of the available competing carriers. To the extent that an MMC
20 customer finds that MMC is not acting consistent with that customer's best interest, the
21 customer could simply move their service to another wireless service provider and still obtain
22 service from the MMC USF-supported cell site.

1 As I have also previously testified, MMC does not require long term service contracts
2 and, with the exception of an early termination fee in the context of the purchase of a
3 subsidized handset, the customer incurs virtually no costs from MMC in switching service
4 providers. I also point out that MMC would ***not*** be eligible for USF support in conjunction
5 with its offering of roamer service to any other carrier's subscribers using an MMC cell site.
6 Accordingly, since MMC's access to USF support for a customer using its sites is limited to
7 those customers that maintain service directly from MMC (and not roamers), MMC has a
8 strong financial incentive in meeting the needs of the customer to the best of MMC's ability.

9 Finally, I note that Mr. Schoonmaker attempts to make an issue out of MMC's failure
10 to file tariffs. MMC is prohibited from filing tariffs and could therefore not comply with any
11 requirements relating thereto.

12 With respect to new subscriber activation concerns, consistent with the procedures
13 expressly set forth in the FCC's suggested guidelines, MMC has identified the procedures it
14 would routinely follow in its effort to provide service to a prospective subscriber. The
15 process set forth in my direct testimony could result in MMC reporting its inability to satisfy
16 a particular service request. However, in the context of a carrier of last resort (assuming that
17 the existing ILEC relinquished its ETC designation), MMC understands that satisfaction of
18 carrier of last resort obligations would not be met by such an outcome.

19 Accordingly, if a carrier of last resort obligation arose, MMC would implement
20 service. However, we point out that carrier of last resort obligations refer to fixed service
21 and do not require mobility. Accordingly, MMC can commit to meeting those obligations
22 even if mobility might be limited or not afforded in the general area of the residence being
23 served, by implementing fixed wireless service to a specific location. Of course, unlike the

1 ILEC fixed service offering, once the wireless unit is “undocked” from the fixed setting and
2 taken to an area where mobile coverage is available, that unit would enjoy the same mobility
3 as any other MMC handset.

4 **Q. I draw your attention to the rebuttal testimony of Mr. Stidham. Do you have**
5 **any items to address with respect to that testimony that you have not addressed in the**
6 **context of your previous testimony?**

7 A. No except to again point out that there is no basis for delaying action on the MMC
8 application pending the outcome of a formal rulemaking, as Mr. Stidham suggests. Since
9 MMC would ultimately be bound by any rules adopted by the MoPSC, no purpose would be
10 served by delaying action on the MMC application. Given that USF support for the rural
11 Missouri citizens in MMC’s proposed service area would be further delayed, there is a clear
12 indication that delaying action would be contrary to the public interest.

13 **Q. I draw your attention to the rebuttal testimony of Mr. Brown. Do you have any**
14 **items to address with respect to that testimony that you have not addressed in the**
15 **context of your previous testimony?**

16 A. Again, the substantive issues have been addressed in the context of my testimony in
17 response to Mr. Schoonmaker’s rebuttal. Mr. Kurtis has addressed the technical issues in his
18 surrebuttal. However, Mr. Brown asserts that it might be appropriate to grant MMC ETC
19 designation only in the context of the ILEC-Equivalent plan. (Brown Surrebuttal p. 36 lines
20 18-19). There is simply no support for not allowing USF support for alternative plans that
21 offer subscribers a significantly wider local calling area and bundled “anytime” minutes. As
22 I have previously shown, these plans, when compared with the true costs of the “comparable”

1 service from the ILEC, compare quite favorably and offer service options simply not
2 available to an ILEC subscriber.

3 Moreover, MMC has agreed to offer the ILEC-Equivalent plan because such an
4 offering was envisioned in the FCC's guidelines. However, in speaking of ILEC
5 "comparable" plans, the FCC Guidelines made it a point of expressly *declining* to impose
6 any minimum local usage obligations. MMC believes that the ILEC-Equivalent plan will
7 prove attractive to a limited scope of potential subscribers. Accordingly, limiting USF
8 support to a small number of subscribers would be tantamount to denying the citizens of rural
9 Missouri access to the proposed MMC service offerings. Not only would such limitations do
10 an injustice to MMC, they would do nothing to further the goals of Universal Service.
11 Remembering that unlike the ILEC MMC's support is on a per-subscriber basis based on the
12 ILEC level of support and not MMC's cost of providing service, elimination of USF support
13 for the majority of MMC subscribers would most likely result in insufficient funds to enable
14 MMC to proceed with any of its proposed network enhancement plan. Designating MMC as
15 an ETC with restrictions that preclude access to the available funding would only serve to
16 deny the rural citizens of Missouri access to the proposed services and MMC network
17 enhancements.

18 **Q. I draw your attention to the rebuttal testimony of Mr. McKinnie. Do you have**
19 **any items to address with respect to that testimony that you have not addressed in the**
20 **context of your previous testimony?**

21 A. MoPSC staff supports the grant of MMC's ETC designation with the conditions that
22 MMC follow the CTIA code, provide annual updates to the MoPSC as described in
23 paragraph 69 of the FCC suggested guidelines, and not self-certify to the USAC. MMC does

1 not object to ETC designation with those conditions. We also note that MoPSC staff concurs
2 that several “policy” issues are best left to the formal rulemaking process.

3 **Q. I draw your attention to the rebuttal testimony of Ms. Meisenheimer. Do you**
4 **have any items to address with respect to that testimony that you have not addressed in**
5 **the context of your previous testimony?**

6 A. No.

7 **Q. Do you have any closing observations?**

8 A. Yes. MMC understands the significance of USF support and the critical role it plays
9 in making affordable state-of-the-art telecommunications services available in rural areas.
10 However we also understand the need for USF support if wireless services are going to be
11 expanded to the rural-most parts of this country. Congress, the FCC and most other state
12 commissions that have considered the issue, have agreed. Despite the policy arguments
13 advanced by the Intervenor herein, the availability of USF for wireless carriers is a fact.
14 The telecommunications Act of 1996 made it abundantly clear that wireless carriers qualify
15 for USF. In *every* instance, the FCC has granted ETC designation to wireless carriers.
16 Virtually all other states that have had the issue before them have also granted such
17 designations. So the issue facing the MoPSC is not *whether* wireless carriers should receive
18 USF or whether the methodology for determining the level of support a wireless carrier is
19 entitled to receive is the most appropriate means for doing so. Rather the issue is whether the
20 citizens of rural Missouri are going to benefit from these available federal funds (a
21 substantial portion of which are provided by wireless carriers), while these global issues
22 relating to the overall operation of the federal USF fund are worked out jointly by the FCC
23 and the states.

1 MMC does not suggest that that alone should guaranty a wireless carrier ETC
2 designation. In sharp contrast, MMC has set forth a detailed proposal that comports with the
3 FCC-suggested guidelines for ETC designation even though, as Mr. Kurtis points out in his
4 surrebuttal, those guidelines themselves have not become final. In addition, since MMC is
5 an FCC carrier licensed *only* to provide service in rural Missouri, it should be clear to the
6 MoPSC that MMC can only spend USF funds in support of its rural Missouri operations.
7 Nevertheless, the MoPSC will retain regulatory oversight over MMC's use of USF funds and
8 will be required to certify that MMC's use of those funds meets the federal requirements for
9 use of such support as a condition to MMC continuing to receive USF support. MMC has
10 committed to make annual filings to better enable the MoPSC to do so.

11 If the MoPSC is considering denying MMC's request for ETC designation, the
12 MoPSC should ask itself what context wireless ETC designation should be granted in
13 Missouri, if not in the context of MMC and its application. MMC respectfully submits that
14 MMC sets the benchmark by which all other ETC filings can be judged.

15 **Q. Does that conclude your testimony?**

16 **A.** Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

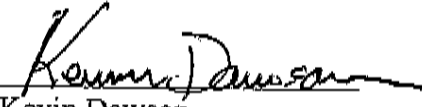
In the Matter of the Application of)
Missouri RSA No. 7 Limited Partnership)
d/b/a Mid-Missouri Cellular)
For Designation as a Telecommunications)
Company Carrier Eligible for Federal)
Universal Service Support pursuant to § 254 of)
the Telecommunications Act of 1996)
)

Case No. TO-2005-0325

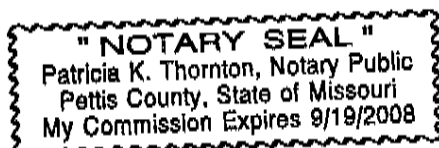
AFFIDAVIT OF KEVIN DAWSON

CITY OF SEDALIA)
COUNTY OF PETTIS) ss.

Kevin Dawson, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of _____ pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


Kevin Dawson

Subscribed and sworn to before me this 14 day of July, 2005.




Notary Public

Rate Comparison*

	<i>Base Rate</i>	<i>Features</i>	<i>Other Features</i>
Alma Telephone Co.			
Residential	\$6.50		
Business	\$10.25		
“Package 2” Residential	\$10.50	CID / CF / CW / 3-Way (Voicemail NA)	Automatic Callback Call Hold Speed Calling (30 no.)
“Package 2” Business	\$14.25	CID / CF / CW / 3-Way (Voicemail NA)	Automatic Callback Call Hold Speed Calling (30 no.)
CenturyTel			
Residential	\$11.04		
Business	\$19.21		
Package - Residential	\$28.69	CID / CF / CW / 3-Way (Voicemail NA)	
Package - Business	\$40.81	CID / CF / CW / 3-Way (Voicemail NA)	
Citizens Telephone Co.			
Residential	\$8.25		
Business	\$14.00		
Package - Residential	\$15.75	(3-Way and Voicemail NA)	
Package - Business	\$21.50	(3-Way and Voicemail NA)	
MMC			
ILEC-Equivalent Plan	\$39.95	CID / CF / CW / 3-Way / Voicemail	
MMTC			
Residential	\$8.00		
Business	\$12.85		
Package - Residential	\$14.50	CF / CW / 3-Way (Voicemail NA)	Speed Calling (8 no.)
Package - Business	\$19.35	CF / CW / 3-Way (Voicemail NA)	Speed Calling (8 no.)
SBC			
Residential	\$19.95		
Business	\$24.28		
Package - Residential	\$35.95	CID / CF / CW / 3-Way	
Package - Business	\$44.23	CID / CF / CW / 3-Way	VM - \$14.95

Appendix V

	<i>Base Rate</i>	<i>Features</i>	<i>Other Features</i>
Spectra			
Residential	\$9.76		
Business	\$18.06		
“Simple Choice” Package - Residential	\$26.95	CID / CF / CW / 3-Way (where available) (Voicemail Extra)	Various as available
“Business Assist” Advantage - Business	\$37.95	CID / CF / CW / 3-Way (where available) (Voicemail Extra)	Various as available
Sprint			
Residential	\$14.95		
Business	\$22.79		
“Sprint Solutions” Package - Residential	\$46.90	CID / CF / CW / 3 Way (Voicemail NA)	Return Call Repeat Dialing
“Sure Solution II” Package - Business	\$56.74	?	

* None of the ILEC offerings include toll charges which would be usage sensitive and EAS & MCA rates have been excluded.