

*Exhibit No.:*  
*Issue:* *Application for Designation as an Eligible  
Telecommunications Carrier*  
*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-2003-0531*  
*Date Testimony Prepared:* *January 14, 2004*

**MISSOURI RSA NO. 7 LIMITED PARTNERSHIP**

**d/b/a**

**MID-MISSOURI CELLULAR**

**SURREBUTTAL TESTIMONY**

**OF**

**KEVIN DAWSON**

**CASE NO. TO-2003-0531**

**SURREBUTTAL TESTIMONY**

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**APPLICATION OF MISSOURI RSA NO. 7 LIMITED  
PARTNERSHIP d/b/a MID-MISSOURI CELLULAR**

**CASE NO. TO-2003-0531**

Q. Have you reviewed the Rebuttal Testimony of: Adam McKinnie on behalf of the Telecommunications Department Staff (“Staff”) of the Missouri Public Service Commission; Robert C. Schoonmaker on behalf of Alma Telephone Company and Citizens Telephone Company; and Arthur P. Martinez on behalf of Spectra Communications Group, LLC d/b/a CenturyTel and CenturyTel of Missouri, LLC in this proceeding?

A. Yes I have.

Q. How will you refer to the three rebuttal testimonies in your instant surrebuttal testimony?

A. I will refer to them as: (a) the McKinnie Rebuttal (on behalf of Commission Staff); (b) the Schoonmaker Rebuttal (on behalf of Alma and Citizens); and (c) the Martinez Rebuttal (on behalf of CenturyTel).

Q. Please comment on Mr. Schoonmaker’s testimony regarding how MMC intends to offer Lifeline service?

A. The Schoonmaker Rebuttal (p. 12, line 25) singles out Mid-Missouri Cellular’s (MMC) 350 Minute Local Plan (for \$19.95 monthly), which Mr. Schoonmaker

1 characterizes as MMC's lowest price plan and hence the one most-likely to be selected by  
2 a low-income individual as his/her Lifeline plan. Mr. Schoonmaker then testifies that, to  
3 avoid usage costs a Lifeline subscriber might have in an "unusual month," where he or  
4 she makes 1100 minutes of daytime calls, the subject subscriber could sign up for  
5 MMC's Unlimited Zone Plan ("UZP"), which provides for unlimited local calling at  
6 \$34.95 monthly or \$33.20 for the qualified Lifeline subscriber. Mr. Schoonmaker then  
7 compares MMC's UZP with the \$8.40 Citizens' residential service plan and with the  
8 \$6.50 Alma residential service plan. He concludes (p. 14, line 1) that the public interest  
9 benefit of providing universal service support for UZP "would be very minimal since the  
10 customer could obtain similar service" from Citizens and Alma.

11 Note first that Mr. Schoonmaker's claim that MMC's UZP is "similar" to Citizens  
12 and Alma's basic residential service is refuted extensively in other surrebuttal testimony  
13 that MMC is filing simultaneously herewith. Further, the Schoonmaker Rebuttal  
14 inaccurately states the costs that will be incurred by MMC Lifeline customers.

15 The Commission does not regulate MMC's rates, and the FCC established no rate  
16 requirements either in terms of mandatory ceilings or acceptable ranges as a condition for  
17 ETC eligibility. Accordingly, MMC included no complete listing of its various rate plans  
18 with its original ETC application. In response to a Staff data request last October,  
19 however, MMC provided more detailed pricing information including a sample bill for a  
20 MMC Lifeline customer. This sample Lifeline bill, which is appended hereto, indicated  
21 an \$8.00 monthly access fee, which was offset by the \$1.75 Lifeline credit. The resulting  
22 net monthly cost to MMC's Lifeline subscriber was \$6.25, plus 48 cents in total taxes.  
23 This \$6.25 Lifeline-only plan compares favorably to the Alma \$6.40 plan and is well

1 below the Citizens \$8.40 plan. Notably, Mr. Schoonmaker (p. 14, lines 1-3) first  
2 mentions those plans as if they were the special Lifeline offerings of Alma and Citizens  
3 respectively. Subsequently, however, he characterizes the subject rates as those for basic  
4 residential service (p. 14, lines 17 – 22) strongly suggesting that Alma and Citizens have  
5 not reduced their tariffed rates for the benefit of Lifeline subscribers.

6 MMC's Lifeline subscriber will enjoy mobile telecommunications service  
7 throughout the reliable service area of the cell (or cells) that serves his or her home. (A  
8 single MMC cell site's reliable service area is encompassed within a radius that may  
9 range ten to eighteen miles from the site's transmitting antenna.) Alma's and Citizens'  
10 Lifeline customers, by contrast, can use their wireline phone only within the confines of  
11 their home. In addition to the convenience of home-cell site (or sites) mobility, MMC  
12 Lifeline subscribers, in emergency situation, will be able to use their phones **anywhere in**  
13 **the United States**. FCC rules require all carriers to route calls placed to 911, without  
14 cost to the user and regardless of his or her calling plan. Home-cell mobility, "911"  
15 calling anywhere in the United States, and monthly pricing that is either equivalent to or  
16 below that charged by Alma and Citizens for basic residential service represent three  
17 substantial public interest benefits attending MMC's proposed Lifeline service.

18 Q. Will granting ETC status to MMC have any impact on existing wireline Lifeline  
19 customers in MMC's proposed ETC area?

20 A. Most definitely. MMC has served *bona fide* requests for local number portability  
21 on Citizens, Alma, Mid-Missouri Telephone Company ("MMTC") and CenturyTel.  
22 MMC is in the process of serving such *bona fide* requests on Southwestern Bell and  
23 Sprint. Grant of ETC status to MMC will enable any existing wireline Lifeline customers

1 within MMC's ETC service area to move both their Lifeline service and their existing  
2 telephone numbers to MMC.

3 Q. Would Lifeline customers have this capability without grant of ETC status to  
4 MMC?

5 A. No they would not. MMC's ability to offer low-cost Lifeline service depends on  
6 its access to USF funds, which in turn depends on the Commission granting MMC ETC  
7 status as requested in its ETC application. MMC is simply not in a financial position to  
8 offer Lifeline (and Link-Up) discounts without USF support.

9 Q. Wouldn't existing Lifeline subscribers be able to port their wireline numbers even  
10 if the Commission denied ETC status to MMC?

11 A. Unfortunately, without grant of ETC status as proposed in MMC's ETC  
12 application, the Commission will erect an artificial barrier to local number porting based  
13 solely upon existing wireline customers' income levels. Lacking the ETC status it  
14 requested, MMC will be unable to offer its proposed Lifeline service. In this situation,  
15 other ILEC customers would have the motivation and ability to port their existing LEC  
16 numbers to MMC, but ILEC Lifeline subscribers would have absolutely no reason to do  
17 so because they would lose their Lifeline benefit in the process. Constraining the porting  
18 rights of wireline subscribers based upon their Lifeline status (*i.e.*, their income level)  
19 appears contrary to the public interest and to public policy. Allowing all current ILEC  
20 subscribers the right to transition to wireless service while retaining their current  
21 telephone numbers will clearly serve the public interest.

1 Q. Mr. McKinnie testifies that the grant of ETC status to MMC may allow the Mid-  
2 Missouri family of companies to receive USF monies twice (or “double-dip”) for the  
3 same equipment and/or services. Is this correct?

4 A. No. Mr. McKinnie’s double-dipping allegation rests on the incorrect assumption  
5 that where MMC and MMTC “share” employees, equipment or facilities then MMTC is  
6 already recovering the full costs associated with those shared resources from the USF. In  
7 fact, where MMTC has shared its employees, equipment or facilities with MMC, only the  
8 expenses associated with its own beneficial use of the resource in question was allocated  
9 to MMTC’s cost basis for purposes of establishing MMTC’s USF support. In reality,  
10 this practice reduced the cost basis on which MMTC’s USF support was based.

11 Q. Can you provide an example of how that worked?

12 A. Yes. When MMC first started offering service, although MMC required  
13 specialized billing software, MMC did not have the need for its own full time billing  
14 personnel. At that time, MMTC had employees that performed phone company billing  
15 functions exclusively; their salaries and other expenses were paid entirely by MMTC and  
16 these costs were accounted solely in MMTC’s rate base. The workload of these  
17 employees, however, ebbed and peaked with the billing cycle. As a result, they  
18 experienced considerable down-time during a portion of the cycle. When MMC began  
19 providing service, sharing MMTC billing employees between the two carriers was an  
20 obvious solution to the cyclical nature of the MMTC employees’ workload, on the one  
21 hand, and MMC’s need (at the time) for only part-time billing support, on the other.

22 In sharing MMTC billing employees between the two companies, only the portion  
23 of the employee costs associated with telephone company work are allocated to MMTC’s

1 cost base. The fully loaded costs associated with the subject employees' work on MMC  
2 bills are allocated to MMC. In response to MMC Data Request Nos. 10 and 11, Staff  
3 acknowledges that the two companies have properly accounted for this sharing of  
4 resources but nevertheless concludes without any explanation or clarification whatsoever  
5 that:

6                   If MMTC and MMC are currently sharing expenses for  
7                   services and equipment that the USF is intended to  
8                   subsidize, then it is possible that the grant of ETC status to  
9                   MMC will result in the Mid-Missouri family receiving  
10                  monies from the USF twice for the same set of equipment  
11                  or providers of service

12  
13 The Staff is the only party in this proceeding asserting this contention, which I believe is  
14 factually incorrect.

15 Q.     Do MMC and MMTC currently share any employees?

16 A.     No. MMC has grown and the wireless industry has matured to the point where  
17 MMC no longer utilizes any MMTC employees.

18 Q.     Does that conclude your surrebuttal testimony?

19 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	)	Case No. TO-2003-0531
Company Carrier Eligible for Federal	)	
Universal Service Support pursuant to § 254 of	)	
the Telecommunications Act of 1996	)	
	)	

**AFFIDAVIT OF KEVIN DAWSON**

CITY OF SEDALIA	)	
	)	ss.
COUNTY OF PETTIS	)	

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 6 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.

/S/ Kevin Dawson  
Kevin Dawson

Subscribed and sworn to before me this 14th day of January 2004.

/S/  
Notary Public