

Exhibit No. :
Issues : Provision of COS
Witness : David Jones
Type of Ex. : Direct Testimony
Sponsor : The Mid-Missouri Group
Case No. : TW-97-333

IN THE MATTER OF AN
INVESTIGATION INTO THE
PROVISION OF COMMUNITY OPTIONAL
CALLING SERVICE IN MISSOURI
CASE NO. TW-97-333

DIRECT TESTIMONY
OF
DAVID JONES
ON BEHALF OF
THE MID-MISSOURI GROUP

Jefferson City, Missouri
April 11, 1997

EXHIBIT NO. 2
Date 6/23/97 Case No. TW-97-333
Reporter Kem

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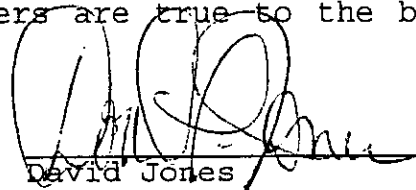
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of an Investigation into)
the Provision of Community Optional) Case No. TW-97-333
Calling Service in Missouri.)

AFFIDAVIT OF DAVID JONES

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David Jones, of lawful age, on my oath states, that I have participated in the preparation of the foregoing testimony in question and answer form, consisting of 14 pages, to be presented in this case; that the answers in the foregoing testimony were given by me; that I have knowledge of the matters set forth in such answers; and that such matters are true to the best of my knowledge and belief.


David Jones

Subscribed and sworn to before me this 9th day of
April, 1997.


Notary Public

ORNA MICKELIS
Notary Public - Notary Seal
STATE OF MISSOURI
My Commission Expires:
Calaway County
My Commission Exp. Apr. 16, 1999

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CASE NO. TT-96-398

1 Q. Please state your name and address.

2 A. David L. Jones, P.O.Box 38, .215 Roe, Pilot Grove,
3 Missouri, 65276.

4 Q. On whose behalf do you present this testimony ?

5 A. The Mid Missouri Group of local exchange companies, as
6 individually identified in their application to
7 intervene.

8 Q. What is your current position ?

9 A. I am currently Executive Vice President of the Mid-
10 Missouri Telephone Company, and have held that position
11 since 1985.

12 Q. What topics will this direct testimony address ?

13 A. My testimony will address the matters directed to be
14 addressed by the Commission's Order of March 7, 1997
15 establishing this docket.

16 Q. What background and experience do you bring to these
17 topics ?

18 A. I was involved in the proceedings and negotiations
19 underlying the creation of the PTC Plan, as well as the

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1 expanded calling plans adopted by this Commission. I
2 participated in the task forces, working groups,
3 workshops, and dockets which preceded these plans.
4 Before and after the Telecommunications Act of 1996, I
5 have been involved in all Commission dockets created in
6 anticipation of local competition, and have previously
7 expressed positions and concerns to the Commission with
8 respect to the retention of the PTC Plan and expanded
9 calling plans in a presubscribed intraLATA setting.

10 The Mid Missouri Group has participated in all
11 dockets and technical groups which have considered the
12 establishment, implementation, or modification of
13 expanded calling plans, including COS. These dockets
14 were created after the elimination of EAS, and included
15 proceedings regarding the establishment of COS,
16 establishment of the initial intercompany compensation
17 mechanism, modification of that mechanism, use of remote
18 call forwarding versus billing systems to provision 2 way
19 COS, as well as recent dockets in which the continued
20 provision of COS in the face of intraLATA presubscription

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1 was addressed. The Mid Missouri Group has participated
2 in Commission appointed task forces evaluating expanded
3 calling plan desires and structures, as well as on
4 technical committees working out implementation details
5 for these services.

6 Q. In this testimony are you assuming a change from current
7 2 way COS to a one-way reciprocal COS ?

8 A. No, at this stage I would prefer to assume that 2 way COS
9 can be retained in a presubscribed environment.

10 Q. Is the retention of 2 way COS an important matter ?

11 A. Yes.

12 Q. Please explain why.

13 A. COS was part of a solution to demands for toll free
14 calling within communities of interest. These demands,
15 and the potential solutions thereto, were the source of
16 much agitation and contested dockets for several years.
17 Since the creation of COS and MCA, these demands have for
18 the most part disappeared. Disturbing the status quo
19 will not be peaceful.

20 Most COS subscribers of the Mid Missouri Group

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CASE NO. TT-96-398

1 Companies which have COS routes reside in the petitioning
2 exchange. Typically the target exchange is a larger
3 community in which the subscriber or subscriber's family
4 works, goes to school, or engages in commerce. When at
5 home these subscribers can make toll free calls to the
6 target exchange. Under the two way feature, any person,
7 subscriber or not, in the target exchange can make a toll
8 free call back to the subscriber's petitioning exchange
9 number.

10 This two way feature gives the subscriber a presence
11 in the target exchange as well as in the petitioning
12 exchange. It allows he or his family while at work, at
13 school, or engaging in commerce in the target exchange,
14 to call home toll free. It allows all persons in the
15 larger target exchange to call the subscriber's home or
16 business in the petitioning exchange toll free.

17 After years of dealings with several COS routes, it
18 is my belief that this return call feature of two way COS
19 is just as important to subscribers, if not more so, as
20 the ability to make COS calls to the target exchange.

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1 Q. Wouldn't a one way reciprocal COS effectively replace 2
2 way COS ?

3 A. No. As I understand one way reciprocal COS, subscribers
4 in the petitioning exchange will be able to call the
5 target exchange toll free, as is currently done. Instead
6 of all telephones in the target exchange automatically
7 having the ability to call subscribers in the petitioning
8 exchange toll free, they will have to subscribe to COS to
9 make calls to the petitioning exchange. This will result
10 in a significant reduction in the utility of COS,
11 particularly for 2 way petitioning exchange subscribers.

12 Many customers in the target exchange may
13 presubscribe to a carrier other than a PTC. Many may
14 choose not to subscribe to COS, as they may have no
15 calling needs back to the petitioning exchange. In
16 either event, the scope of COS calls will be
17 significantly reduced, as toll free calling from these
18 target exchange locations back to the petitioning
19 exchange will not be available.

20 The result will be a much more limited calling

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1 ability from the target exchange back to the petitioning
2 exchange. This will make the service much less
3 attractive for current 2 way COS subscribers in the
4 petitioning exchange. It has been my experience that,
5 once customers grow to like a service like 2 way COS, it
6 will be very difficult to justify to them that the
7 service cannot be continued. I don't believe that they
8 will be happy with the prospect of losing the 2 way COS
9 service.

10 Q. Do you have any comments concerning provisioning 2 way
11 COS via an 800 number based service in a presubscribed
12 environment ?

13 A. Yes. This was the subject of extensive discussion in the
14 presubscription dockets of GTE and United. I generally
15 agree that the 800 number proposal of SWB is better than
16 those presented by the small companies. The 800 number
17 assigned for two way COS subscribers should have the
18 necessary database restrictions to assure the number is
19 only available for use from the target exchange. There
20 will be some confusion associated with directory

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CASE NO. TT-96-398

1 listings, and there will be dislike of a new number, but
2 I believe the subscribers will accept this in order to
3 preserve 2 way service.

4 Q. Are there any other potential solutions you believe could
5 be used to provision the 2-way return calling ?

6 A. Yes, the industry has experienced widespread
7 implementation of digital technology. With digital
8 technology remote call forwarding (RCF) could be utilized
9 to provision the return calling. RCF was originally used
10 to provision 2-way COS. However, in 1990 the industry
11 agreed to a Statement of Conceptual Agreement Concerning
12 the Method of Provisioning Two-Way COS. Pursuant to this
13 Agreement, the industry and Commission eliminated RCF in
14 favor of the Billing System Alternative (BSA). This
15 technology may again be worthy of consideration as the
16 BSA is not utilizable by new entrants, and because
17 exchanges will now be digitalized at the time of
18 presubscription.

19 Q. Do you wish to present any testimony regarding retaining
20 COS as a toll service with retention of the current

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1 intercompany compensation mechanism.

2 A. Briefly. COS is and should remain classified as a toll
3 service. I believe it meets state and federal toll
4 classifications. The issues addressed in this docket
5 have arisen because of intraLATA toll presubscription
6 requirements.

7 With respect to intercompany compensation, access
8 should be retained. The current mechanism was
9 implemented on a revenue neutral basis, with SC access
10 rates discounted to reflect stimulation. (I note that if
11 destimulation occurs with conversion of COS to a one-way
12 reciprocal service, COS will no longer remain revenue
13 neutral for SCs.) These reduced rates benefitted PTCs
14 and IXCs. This mechanism should be retained in a
15 presubscribed environment, as it is most consistent with
16 competition. Retaining access will assure that all IXCs,
17 PTC or other IXC, pays the same charges to SCs for
18 exchange access.

19 **Pricing Mechanism for one way/reciprocal COS**

20 Q. Do you believe that, should COS be converted to a one way

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1 reciprocal service, that the price should simply be
2 reduced by $\frac{1}{2}$?

3 A. I don't believe this simplistic price reduction
4 accurately reflects the reduced value of the service to
5 the customer, particularly the two way subscribers in the
6 petitioning exchange. Because they will suffer a
7 tremendous reduction in calling scope they currently
8 utilize, the value of the service to them has been
9 reduced by more than $\frac{1}{2}$.

10 Should all competitive LECs be required to offer COS

11 Q. Do you believe that all competitive LECs should be
12 required to offer COS ?

13 A. No. Generally I believe that competition and competitors
14 should be free of any service mandates. If COS is to be
15 retained in a competitive environment, it should be
16 retained because it fulfills a need the Commission
17 explicitly finds will not be fulfilled in a competitive
18 environment. Therefore COS should only be retained as a
19 required offering of incumbents as a necessary consumer
20 safeguard.

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CASE NO. TT-96-398**

1 The reason the Commission was compelled to initiate
2 this docket is because all new competitive entrants do
3 not have the recording and billing systems to duplicate
4 the information flows utilized by the ILECs to provision
5 COS. Without universally capable systems, COS cannot be
6 completely maintained in its present form. In a
7 competitive environment it is uncertain that the
8 Commission should or could enforce such a requirement.

9 **Must any changes be made to the PTC Plan to accomodate COS changes**

10 Q. Must any changes be made to the PTC Plan to accomodate
11 any changes made to COS service ?

12 A. No. The only change required of the PTC Plan is due to
13 presubscription, not due to COS changes. In order to
14 accomodate presubscription, the obligation of SCCs to
15 deliver all 1+ traffic to PTCs should be modified to
16 deliver all 1+ traffic for subscribers who have not
17 presubscribed to a carrier other than the PTC. This
18 change will accomodate both presubscription and any
19 changes to COS service.

20 **Should future COS routes be stayed**

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CASE NO. TT-96-398**

1 Q. Should future COS routes be stayed ?

2 A. I believe that no new COS routes should be implemented
3 until the Commission determines the future structure of
4 COS for existing routes. COS is a complex service which
5 presents both customer utilization and company
6 implementation difficulties. The issues associated with
7 the continued provisioning of COS in the new competitive
8 environment are very complex as well. I don't believe
9 the customers on a newly implemented COS route would be
10 well served by fundamental changes in the service shortly
11 after its implementation. I believe it would be better
12 to delay implementation of new routes until the future
13 terms and conditions of the service are established.

14 **How should the public be educated**

15 Q. How do you believe the public should be educated ?

16 A. COS may be a situation where regulation provides a more
17 desirable service than would competition. First and
18 foremost the Commission should explain to the public that
19 state and federal legislation promoting competition has
20 required these changes to COS service. Secondly the

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1 Commission should provide for informational notices to
2 all subscribers explaining the nature of the changes made
3 to the service, as well as the reasons therefore. Public
4 hearings should be held in existing COS route areas for
5 these purposes.

6 Q. Does this conclude your direct testimony ?

7 A. Yes.

8