

Exhibit No. :
Issues : Provision of COS
Witness : Gary Godfrey
Type of Ex. : Surrebuttal 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

SURREBUTTAL TESTIMONY
OF
GARY GODFREY
ON BEHALF OF
THE MID-MISSOURI GROUP

Jefferson City, Missouri
June 9, 1997

EXHIBIT No. 5
Date 6/23/97 Case No. TW-97-333
Reporter KRM

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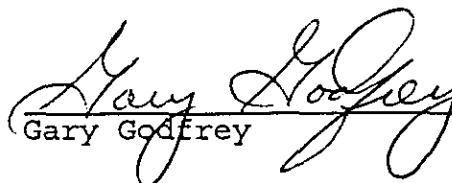
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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


AFFIDAVIT OF GARY GODFREY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Gary Godfrey, 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 13 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.


Gary Godfrey

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


Notary Public

My Commission Expires:

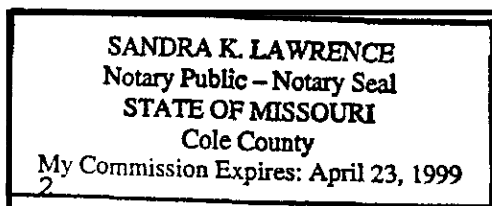


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Q. Please state your name and address.

A. Gary Godfrey, business address 718 S. West Street, Green City, Missouri, 63545.

Q. On whose behalf do you present this testimony ?

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

Q. What is your current position ?

A. I am currently Office Manager of Northeast Missouri Rural Telephone Company and of Modern Telecommunications Company, and have been with Northeast since 1984.

Q. What issues do you wish to address in your surrebuttal testimony ?

A. I would like to respond to the contention made by SWB that COS is being improperly used to provision internet access.

Q. Are you aware that SWB and Staff have filed testimony indicating the SC's use of COS as a component of providing internet access in rural exchanges is improper ?

A. Yes, although I disagree with that conclusion.

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Q. What will NE and Modern do if it is ultimately concluded that the use of COS to make internet access available is improper ?

A. We will terminate this use of COS if so directed. Internet Access is a public service, not a profit center. We have no interest whatsoever in improperly provisioning it. At the time we first provisioned internet access, COS and OCA were the only discounted or flat rate toll plans available to make internet access affordable in our rural exchanges. Since then SWB has offered Designated Number and One Plus Saver services, which can be used to effect internet access. These services would not offer all of the advantages to the internet user that COS does, and the burden of purchasing these services would be on the internet user, but the cost of providing internet would thereby be reduced, and these savings could be passed on to the internet customer.

Q. In what respects would internet access via Designated Number Service lack advantages COS provides ?

A. With COS a customer can access the internet from any

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location in the COS target exchange, either home or work. However, with Designated Number, that same customer would have to separately subscribe to Designated Number twice, once for home, and once for work, in order to access the internet from either location.

- Q. How did NE come to be involved in the provisioning of internet access ?
- A. Rural LECs have been encouraged by public authorities to become involved in provisioning internet access to rural areas of the state. Rural internet access has been promoted both as a public service as well as a necessary tool for economic development. A large obstacle to affordable rural internet access is the toll cost for the user to call from his or her home to the point of access to the internet. In early 1995 we resolved to make toll free internet access available to the Modern and Northeast exchanges. In June 1995, along with other similarly interested small companies, we created RAIN to establish connections to the internet and to extend that connection to each of the companies' exchanges.

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Q. How were the facilities established to provide internet access in your companies' exchanges ?

A. We had to determine where to locate modem pools and routers in our exchanges in order to provide toll free internet access. In November, 1995, modem pools were located in Green City, Novinger, Tobin Creek, and Omaha. Later in August, 1996 we established a modem pool in Lancaster. A 56 kb circuit had to be established between the modem pools and the T1 circuit at Green City. We ordered facilites from SWB and paid SWB for the facilities necessary for their share of the Novinger to Tobin Creek circuit. This arrangement was the initial one used to obtain toll free internet access for rural customers.

Q. Did you become involved in provisioning internet access to the schools and libraries in your service area ?

A. Yes. At the time we were developing the system just described, through RAIN we were negotiating with Morenet to make internet local dial-up available to our schools and libraries. Morenet had been providing this service

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through a very expensive 800 number service. In order to get away from 800 service, Morenet agreed to convert the schools and libraries that we could access by our service. So we took over dial-up internet access for our schools and libraries.

- Q. Explain how you became involved in provisioning internet access outside of your exchanges.
- A. When we started offering internet access in our exchanges, we immediately began getting requests to make it available to customers residing in SWB's Kirksville and Lancaster exchanges, and for customers in Alltel's Milan exchange. Requests were made by local government authorities, private residents, and several small businesses. We were also requested to covert the schools and libraries in these exchanges from 800 to RAIN dial-up service. Again, facilities were ordered from SWB. For example, we pay SWB \$ 315 per month in line and circuit charges to serve 30 customers in SWB's Lancaster exchange that SWB was unwilling to serve. It was at the time of provisioning internet access in exchanges of other

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companies that we began using COS as part of the system of providing toll free internet access.

Q. Was SWB aware of the use you were making of COS for internet access during the period you were setting up this system ?

A. Yes. We located modem pools and routers in 1995 and 1996. These facilities had to be connected with data circuits travelling on SWB facilities. This required us to order and pay SWB for its share of these data circuits. There were conversations between our personnel and SWB personnel concerning the purpose of these circuits. They were aware we were using COS as a component of providing internet access in certain exchanges. One of SWB's employees has been an internet access customer, and has been making COS calls to access the internet since February, 1996. Contrary to SWB's intimation that we failed to seek their counsel as to the applicability of its COS tariffs, we openly discussed our use of COS as part of our internet provisioning with our customers, with Staff, and with SWB, and we were never

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advised of any objections.

Q. Prior to its motions and rebuttal testimony in this case, did SWB ever inquire or complain to NE/Modern that the use of internet access in conjunction with COS was in violation of SWB's COS tariffs ?

A. No.

Q. Did SWB bring this subject up in any annual audits they perform on Northeast or Modern ?

A. This subject did not come up in the 1995 audit, and the 1996 audit has not yet occurred.

Q. Did you review SWB's tariffs before making this use of COS ?

A. Yes. Not only myself, but several other companies involved with RAIN discussed the use of COS in this regard.

Q. Are NE and Modern paying the tariffed COS rates on all lines, or just for one line in a hunt group ?

A. Although the COS charge applies to all numbers that are "combined billed", and although it is possible to have numbers in a hunt group that are not "combined billed",

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we have paid the COS charge on all numbers in the hunt group.

Q. During this period of time was Staff aware that you were using COS as a component of internet access provisioning ?

A. Yes. Last summer I had discussions with Staff regarding the use of COS to avoid traditional toll charges for an internet access customer who was a student at Truman State University in Kirksville. These discussions specifically involved a disputed toll bill for an internet access customer calling a COS number.

Q. Did Staff at that time inform you of any concern that this was an improper use of COS ?

A. No. Staff too was encouraging us to bring internet access to rural communities on an affordable basis. Staff then raised no objections or concerns with respect to the use of COS as part of this effort.

Q. SWB's tariff prohibits the resale or sharing of COS, and states that it is not to be used in conjunction with services such as cellular, public, semipublic, coin box,

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customer-owned pay telephone services or comparable services offered by other local exchange companies". Do you believe your use of COS to provision internet access violates those provisions ?

A. No. I do not believe we are "reselling " COS. Internet access is a nonregulated service. The deregulated entity subscribes to 2 way business COS in the COS petitioning exchange. The deregulated entity is the COS user, not the internet access customer. The internet access subscriber in the target exchange pays only the internet access charge, which does not include the cost of COS service. The internet user calls the COS number, just like any other COS return call, for the data transmissions involved in internet access. Data transmissions are made this way just like any other call between modems. COS has never been limited to voice calls. So I do not believe we are reselling COS.

This is not the "sharing" of COS. In my experience the term "sharing" comes up in the context of a PBX or shared tenant service. The resale prohibition in that

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context prohibits the PBX or STS provider from purchasing a single service and allowing all tenants or residents use of that single service.

Q. Do you believe this history of provisioning internet access via COS should be a factor in the Commission's determination of what the future of COS will be, as set forth in the Straw Proposal initiating this docket ?

A. No. Our intentions were to provide a public service that no one else in our area was providing. We have not expected and do not expect internet access to be a profit center.

If our use of COS is determined improper, we will terminate its use and develop other means to provide internet access to our current internet customers, which includes residences, businesses, schools, libraries, and health facilities.

Therefore I do not believe that this matter has or should have any bearing on the issues of retention of COS service, retention of 2 way COS in a presubscribed environment, toll versus local classification, or

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intercompany compensation issues.

Q. Does this conclude your surrebuttal testimony ?

A. Yes.