

Exhibit No.:
Issues:
Witness: Mark Harper
Type of Exhibit: Surrebuttal
Testimony
Sponsoring Party: United Telephone
Company of MO
d/b/a Sprint
Case No.: TW-97-333

UNITED TELEPHONE COMPANY OF MISSOURI d/b/a SPRINT
CASE NO. TW-97-333

SURREBUTTAL TESTIMONY

OF

MARK HARPER

FILED
JUN 9 1997
MISSOURI
PUBLIC SERVICE COMMISSION

June 9, 1997

61.

**SURREBUTTAL TESTIMONY
OF
MARK D. HARPER**

Case No. TW-97-333

1
2 **Q. ARE YOU THE SAME MARK HARPER WHO FILED DIRECT AND**
3 **REBUTTAL TESTIMONY IN THIS CASE ON BEHALF OF UNITED**
4 **TELEPHONE COMPANY OF MISSOURI d/b/a SPRINT?**

5
6 A. Yes.

7
8 **Q. DO YOU AGREE WITH MR. SCHOONMAKER THAT ONLY "LIP**
9 **SERVICE" IS BEING PAID TO CUSTOMER NEEDS, WANTS,**
10 **EXPECTATIONS, AND DESIRES BY OTHER WITNESSES IN THIS**
11 **DOCKET?**

12
13 A. No. What I think you find in this docket are parties honestly struggling with the
14 appropriate disposition of a mandated service (COS) that is inconsistent with a
15 competitive market, can no longer be provisioned in the manner it is today, and is
16 subscribed to by a small number of customers. Since doing nothing is not an
17 option in this case, I believe the best way to resolve this issue is in a manner which
18 looks to a long-term resolution compatible with competition and the resolution of
19 related issues, such as the future of the Primary Toll Carrier (PTC) plan.

20
21 Mr. Schoonmaker appears to equate concern for the customer with the least
22 amount of changes to the current COS hence his recommendation for two-way
23 COS (800/888 option) provisioned by the PTC. United is concerned not only
24 about the needs of its 1597 COS customers, but all of its nearly 230,000

1 customers. By providing COS at a price below cost to United's COS customers as
2 well as the COS customers of the secondary carriers (SCs), all of the nearly
3 230,000 United customers must pay higher prices. It is only the secondary
4 carriers that can propose that COS continue to be provisioned as a two-way
5 service, at a loss by United, GTE, SWBT and presumably Fidelity, and not be
6 concerned about the effect on their company's revenue recovery.

7 **Q. PLEASE EXPLAIN HOW UNITED'S PROPOSALS ADDRESS THE**
8 **NEEDS OF ALL OF ITS CUSTOMERS, INCLUDING THOSE THAT**
9 **DESIRE, AND ARE WILLING TO PAY FOR EXPANDED LOCAL**
10 **CALLING.**

11
12 **A.** United is recommending two alternatives for the Commission's consideration.

13 If the Commission believes that two-way calling must be maintained, United
14 recommends that the current two-way COS be converted to mandatory EAS. In
15 some respects, two-way COS look very much like mandatory EAS in that all direct
16 dialed calls, whether inbound from the target exchange or outbound to the target
17 exchange, are toll-free calls for the subscriber. The main differences between
18 COS and EAS is the dialing pattern and the optional nature of the service. Most
19 PTCs utilize a 10-digit dialing pattern rather than 7-digit. Under United's
20 proposal, the EAS service would be considered local rather than toll as it is under
21 COS today, which United expects would lower the overall cost (and, therefore,
22 price) of the service in two ways: 1) the terminating compensation rate would be
23 based on lower local interconnection charges as negotiated between

1 interconnecting companies and not tariffed access charges, and 2) the price for the
2 revised service would be based on 100% of the customers in the exchange and not
3 the 19%, on average, of eligible subscribers that take COS service. The resulting
4 prices can be computed separately for the petitioning and target exchanges and be
5 submitted to the customers for a vote. If the target exchange customers do not
6 affirm the service, the petitioning exchange customers would be offered one-way
7 EAS. If both petitioning and target exchange customers vote to establish EAS, this
8 option allows customers to maintain the two-way nature of COS permanently at
9 what should be an overall lower cost to COS subscribers. Revenue neutrality
10 issues would be limited to revenue impacts from implementation of the revised
11 service.

12
13 This revised service presents no unique provisioning challenges to the serving
14 LECs and will not be impacted by the introduction of intraLATA toll dialing parity
15 or changes to the PTC plan.

16
17 United's second alternative would involve the revision of COS to a one-way only
18 service. The rates for COS would be cost based and would likely vary by route
19 and company. COS would not be mandatory in any given exchange after the
20 introduction of intraLATA toll dialing parity. The revised COS service would be
21 provisioned by the LEC of the petitioning exchange. United would be willing to

1 continue to offer the revised COS in the petitioning exchanges of its secondary
2 carriers until the implementation of 1+ intraLATA dialing parity in those
3 exchanges.

4
5 These two alternatives could also be used together as a progression of choices.
6 The customers could first be offered a way to retain two-way calling at the lowest
7 possible price. If, for example, the target exchange fails to vote for the service, the
8 petitioning exchange customers could then attempt to qualify for mandatory one-
9 way EAS. If that fails, customers could elect optional one-way calling.

10 **Q. ON PAGES 33-48 OF HER REBUTTAL TESTIMONY, MS. BOURNEUF**
11 **DESCRIBES THE USE OF COS BY CERTAIN SECONDARY CARRIERS**
12 **IN THE PROVISION OF INTERNET BY ITSELF OR ITS SUBSIDIARIES.**
13 **PLEASE COMMENT.**

14
15 A. United did not request similar data from its secondary carriers or from secondary
16 carriers that serve petitioning exchanges that target a United exchange. After
17 reviewing the situation described in Ms. Bourneuf's testimony, I have to agree that
18 the use of COS in the provision of internet service is a violation of SWBT's tariff
19 restrictions. United also has the same restrictions in its COS tariff. Additionally,
20 the sharing of COS among multiple lines in a hunt group is a violation of the tariff.

21 **Q. WHAT ARE THE IMPLICATIONS OF THE MISUSE OF COS AS**
22 **DOCUMENTED BY SWBT?**

23
24 A. There are two significant implications of what appears to be a misuse of the
25 service. First, it serves to highlight one of the problems of the current PTC plan.

1 A secondary carrier in its exchanges can influence both the retail revenues of the
2 PTC and the cost to the PTC. The secondary carrier is the agent for sales and
3 billing of the PTC's toll services. The revenue billed and collected by the SC is
4 turned over to the PTC. The SC then collects access charges from the PTC. In a
5 traditional interexchange carrier/LEC relationship, the interexchange carrier pays
6 access charges to the LEC but it alone determines which services it markets to its
7 existing and potential customers, thereby, controlling, to some extent, its access
8 costs. Here, certain secondary carriers appear to be influencing the minutes going
9 through as COS traffic, which serves to decrease the PTC's toll revenue and
10 increase the COS minutes for which the PTC is losing money-- all the while
11 increasing their (the SC's) receipt of access charges.

12
13 Second, based on SWBT's testimony United is surprised at the volume of return
14 calling traffic related to the internet service provided by the secondary carriers.
15 When calling to 13 telephone numbers alone represents 46% of total return calling
16 for SWBT and 91% of the specific routes, it places the general public need for the
17 two-way calling feature of COS in question.

18
19 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

20
21 **A. Yes.**

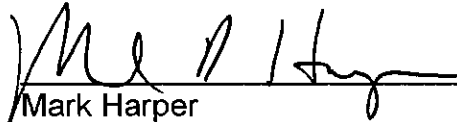
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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

AFFIDAVIT OF MARK HARPER

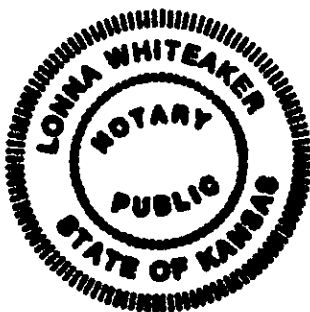
STATE OF KANSAS)	
)	ss:
COUNTY OF JOHNSON)	

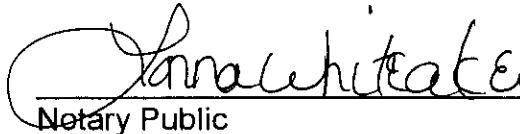
Mark Harper, of lawful age, on his oath states: That he has participated in the preparation of the attached Surrebuttal Testimony in question and answer form, consisting of 5 pages plus schedules, to be presented in the above case; that the answers in the attached Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



Mark Harper

Subscribed and sworn to before me this 6th day of June, 1997.





Notary Public

My Appointment Expires: May 19, 2001