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**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**WILLIAM L. VOIGHT**

**SPRINT NEXTEL CORPORATION**

**CASE NO. IO-2006-0086**

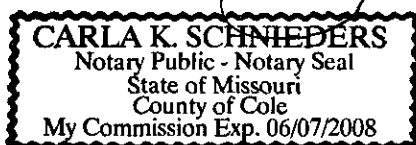
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**REBUTTAL TESTIMONY**

**OF**

**WILLIAM L. VOIGHT**

**SPRINT NEXTEL CORPORATION**

**CASE NO. IO-2006-0086**

**Q. Please state your name and give your business address.**

A. My name is William L. Voight and my business address is P.O. Box 360, 200 Madison Street, Jefferson City, Missouri 65102.

**Q. By whom are you employed and in what capacity?**

A. I am employed by the Missouri Public Service Commission as a Rate and Tariff Supervisor in the Telecommunications Department. I have general supervisory responsibility for staff recommendations pertaining to tariff filings, certification cases, interconnection agreements, and telephone company mergers and acquisitions. In conjunction with other staff persons, I provide staff recommendations on a wide variety of other matters before the Commission including rule makings, complaints filed with the Commission, and Commission comments to the Federal Communication Commission (FCC). My duties have also involved participation as a member of the Commission's Arbitration Advisory Staff, which is comprised of subject matter experts who assist an arbitrator in disputes involving the Federal Telecommunications Act of 1996. Lastly, I participate in and coordinate special projects, as assigned by management. Examples of special projects include Case No. TW-2004-0324, a Study of Voice over Internet Protocol in Missouri, and Case No. TW-2004-0471, a Commission-appointed Task Force to study expanded local calling in Missouri. As necessary and appropriate, I also provide

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1 assistance to the Commission, upper management, and members of the General  
2 Assembly on legislative matters.

3 **Q. What is your education and previous work experience?**

4 A. I received a Bachelors of Science degree with a major in economics from  
5 Lincoln University in Jefferson City, Missouri. A copy of relevant work history is  
6 attached as Schedule 1.

7 **Q. Have you previously testified before the Commission?**

8 A. Yes, a copy of previous testimonies is attached as Schedule 2.

9 **Q. What is the purpose of your Rebuttal Testimony?**

10 A. My testimony outlines the Telecommunications Department Staff's (Staff)  
11 reasons for our recommendation to the Commission for approval of the application of  
12 Sprint Nextel Corporation (Sprint) to transfer control of local telephone operations from  
13 Sprint to LTD Holding Company (LHC). In conjunction with Staff Technical Specialist  
14 Larry Henderson, who provides findings and conclusions relating to certain Quality of  
15 Service considerations, and Staff Financial Analyst Matthew Barnes, who provides  
16 findings and conclusions relating to financial matters, my testimony supports the  
17 statements and conclusions of Sprint witnesses who maintain that LHC will be in a  
18 position to continue to provide quality service to its customers, and that the transaction is  
19 not detrimental to the public interest, subject to the conditions set forth in Staff  
20 testimonies.

21 **Q. For clarity, please provide a listing and brief description of the**  
22 **company names used in your testimony.**

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A. Those descriptions are as follows:

**Sprint Nextel Corporation** – The entity formed by the merger of Sprint Corporation and Nextel Communications, Inc. which closed on August 12, 2005. This entity is often referred to simply as “Sprint”. Sprint has submitted an application requesting Commission approval to “spin off” its basic local telecommunications business into an independent stand alone operation, to be renamed at a later date.

**Sprint Missouri, Inc.** – The non-competitive incumbent local exchange carrier currently providing basic local telecommunications service in Missouri. This entity is a Missouri corporation having been originally incorporated in Missouri in 1929 as The United Telephone Company, and is currently a direct wholly-owned subsidiary of Sprint. Sprint Missouri’s state business office at 319 Madison Street in Jefferson City. After separation, this entity will change its name and have as its new corporate parent the company temporarily being referred to as LTD Holding Company.

**Sprint Communications Company L.P.** – The competitive local and interexchange telecommunications carrier currently providing competitive basic local and long distance telecommunications service in Missouri. This corporation is not being transferred to LTD Holding Company; however many of its long distance customers will be transferred to Sprint Long Distance.

**Sprint Payphone Services, Inc.** – The competitive Missouri corporation that provides pay telephone services in Missouri. As with the three other “spin off” units, Sprint Payphone Services, Inc. will be renamed upon transfer to LTD Holding Company after the transaction. **LTD Holding Company** – A newly formed “Fortune 350” subsidiary of Sprint. This entity is also sometimes

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1                   referred to as "**LHC**". Upon separation, and in conjunction with  
2                   similar events occurring nationally, this entity proposes to realize  
3                   control of three companies regulated by the Missouri  
4                   Commission: Sprint Missouri, Inc.; Sprint Long Distance, Inc.;  
5                   and Sprint Payphone Services, Inc. Upon separation, this entity  
6                   will be renamed and will operate independently from Sprint. It  
7                   will have its own board of directors and publicly traded stock,  
8                   with headquarters in Kansas City. LTD Holding Company's  
9                   Chief Executive Officer is Mr. Daniel R. Hesse, and its Chief  
10                  Operating Officer is Mr. Michael B. Fuller.

11                 **Sprint Long Distance, Inc.** – The competitive interexchange  
12                 carrier that was recently granted a certificate of operating  
13                 authority in Case No. LA-2006-0075. Footnote 2 of Sprint  
14                 Nextel's Application notes that for purposes of the Application,  
15                 Sprint Long Distance is also referred to as "**LTD Long**  
16                 **Distance**". Although control of Sprint Long Distance currently  
17                 resides with Sprint, control will be transferred to LTD Holding  
18                 Company after the transaction. Pursuant to customer notification  
19                 letters, Sprint Long Distance is scheduled to receive many long  
20                 distance customers from Sprint Communications Company L.P.  
21                 upon separation. Sprint Long Distance will be renamed, and will  
22                 provide national and international resold long distance voice and  
23                 data services after separation. Although Sprint Long Distance  
24                 holds a statewide operating certificate, the Sprint Nextel  
25                 Application states that Sprint Long Distance is expected to  
26                 provide long distance and data services only to Sprint Missouri's  
27                 local exchange customers.

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1           **Q.     In evaluating the public policy merits of the separation, Sprint witness**  
2 **John W. Mayo concludes that the reorganization will serve the public interest.**  
3 **What is your response?**

4           A.     The Staff accepts the analysis and conclusions of Dr. Mayo. Subject to  
5 certain conditions covered in Staff testimonies, the Staff agrees that the Sprint  
6 reorganization is not detrimental to the public interest.

7           **Q.     Dr. Mayo states that, especially in light of technological change, it is**  
8 **natural for telecommunications firms to organize themselves in the most efficient**  
9 **manner possible (Mayo Direct, page 4, line 20). What is your response?**

10          A.     Dr. Mayo cites the industry flux brought about by a convergence of  
11 wireless, wireline, and cable (Mayo Direct, page 5, line 13). Dr. Mayo's testimony cites  
12 several examples to demonstrate that the Sprint restructuring reflects the normalcy and  
13 expectation of industrial reorganization. In my view, Dr. Mayo's examples and  
14 testimony sufficiently demonstrate the strategic variations among firms who choose to  
15 differentiate among rivals. As Dr. Mayo points out, in some situations some  
16 telecommunications firms may choose to consolidate different lines of business, while  
17 others (such as Sprint at this juncture) may choose to separate different lines of business.

18          **Q.     Dr. Mayo notes that spin-offs have been shown to improve investment**  
19 **decisions by improving the internal allocation of corporate capital (Mayo Direct,**  
20 **page 8, line 3). What is your response?**

21          A.     I have no reason to disagree with Dr. Mayo. In my view, Sprint  
22 Corporation's merger with Nextel Communications, Inc. has further defined Sprint's  
23 position as an intercontinental company with strategic wireless, data transport, data

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1 connectivity, and cable connectivity interests.<sup>1</sup> As Dr. Mayo points out, the merger has  
2 positioned Sprint as a distinctly “wireless” and “national” company. In contrast, the spin-  
3 off will now present Sprint Missouri with an opportunity to focus on customers within its  
4 local geographic footprint (Mayo Direct, page 9, line 14). Dr. Mayo opines that this  
5 heightened focus and reliance on local customers for its financial success means that the  
6 company will have maximum incentives to create valued and innovative services for  
7 those customers; consequently, it is more likely that Sprint Missouri will improve  
8 efficiencies and improve customer choice and customer service. In my opinion, these are  
9 the most important reasons for the Commission to approve the spin-off. Dr. Mayo’s  
10 expert economics testimony provides a solid foundation for real-world examples, some of  
11 which are cited in Sprint witness Lawson’s testimony.

12 **Q. Please comment on what you have characterized as the real-world**  
13 **examples cited by Richard Lawson.**

14 A. Among other matters, Mr. Lawson speaks to a divergence between  
15 Sprint’s wireless and wireline operations (Lawson Direct, page 14, line 12). Mr. Lawson  
16 addresses “potential tensions” between Sprint’s “anticipated” national wireless strategy  
17 and its local wireline strategy (Lawson Direct page 17, line 22).

18 **Q. What is your response to the potential for such anticipated tensions?**

19 A. Overall, I find Mr. Lawson’s testimony to be refreshing and candid.  
20 However, and with respect, I would simply comment that, in my opinion, the potential for  
21 tension has existed for some time. Mr. Lawson cites Sprint’s goal of replacing existing  
22 local wireline service with wireless service, and its goal of advancing [landline]

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<sup>1</sup> See, for example, Direct Testimony of Richard Lawson, page 15, line 3; and page 17, line 25.

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1 competition by playing a critical role in enabling cable telephony voice service offerings  
2 (page 17, line 24). I would submit that such "goals" simply did not materialize with the  
3 onset of the instant Application. In my view, the competition between wireless and  
4 landline telephone service represents at least the potential of dichotomy for any local  
5 exchange carrier involved in both lines of business. The situation becomes more  
6 pronounced when the company views wireless as a replacement for landline service.  
7 From my perspective, Sprint's wireless policies, especially when combined with its more  
8 recent partnerships with numerous cable telephony companies, have contributed to  
9 internal dichotomies that appear to have become untenable within the corporation.

10 **Q. Will the spin-off result in improving the internal allocation of**  
11 **corporate capital as envisioned by Dr. Mayo?**

12 A. LTD Holding Company's projected capital expenditures are discussed in  
13 the testimony of Staff witness Henderson (page 7, line 6). As discussed, it appears the  
14 company did not make specific projections for Missouri. However, the testimonies of  
15 Sprint witnesses leave no doubt that whatever investments do occur, they will facilitate a  
16 focused local strategy to benefit local telephone operations (Harper Direct, page 28, line  
17 22).

18 **Q. Will Sprint Missouri continue to invest in broadband deployment**  
19 **after the spin-off?**

20 A. Yes. As noted by Sprint witness Lawson, Sprint Missouri's provision of  
21 high-speed internet services will be unaffected by the transaction (Direct Testimony, page  
22 10, line 10; and page 12, line 3). I recommend the Commission approve the Application  
23 subject to Sprint Missouri's continued broadband deployment.

1           **Q.     A great deal of Sprint witness Lawson's testimony addresses how the**  
2 **transaction will permit the spin-off company to grow and serve its customer base**  
3 **with a level of independence it would not have with Sprint. How do you respond?**

4           A.     I'm convinced that Mr. Lawson's testimony reflects a new enhanced  
5 clarity for Sprint's local operations. His testimony understandably characterizes the  
6 benefits with use of words and phrases such as: "targeted local focus" (page 15, line 19);  
7 "increased focus" (page 17, line 15); "local community roots" (page 18, line 12); "local  
8 customers" (page 18, line 8); "local presence" (page 15, line 19); "local territory" (page  
9 19, line 13); "local teams" (page 16, line 19); "local markets" (page 17, line 4); "local  
10 emphasis" (page 17, line 2); "local activities" (page 18, line 17); "local affairs" (page 18,  
11 line 15); "local wireline capabilities" (page 18, line 2); "local operations" (page 19, line  
12 16); and "market specific [actions]" (page 16, line 21).

13           In my view, such characterizations represent a welcome addition to Sprint's local  
14 operations statewide. Mr. Lawson also assures the Commission that the new company  
15 will continue its legacy of community and charitable involvement, and that it will seek to  
16 be the "preferred hometown communications company" (page 15, line 8). It is especially  
17 encouraging to hear, for example, that the company plans a new retail store to be opened  
18 in Jefferson City in 2006 (Lawson Direct, page 16, line 15). I would note that Sprint  
19 Missouri's main landline competitor in Jefferson City, Mediacom, already has a local  
20 business office enabling its local customers to speak face-to-face with customers. It is  
21 also worthy to note that for years Sprint Wireless has maintained a local retail store in  
22 Jefferson City. It is encouraging to learn that in its largest Missouri exchange, Sprint  
23 Missouri will once again be providing the same level of business office support to its

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1 landline customers as it does its wireless customers. I would also suggest that LHC  
2 perhaps give similar consideration to at least some of the other Sprint local exchange  
3 communities in Missouri.

4 **Q. Please comment on how transparent the proposed transaction will be**  
5 **to customers.**

6 A. In my opinion, the proposed transaction, if approved, will be very  
7 transparent. The day after separation from Sprint, Sprint Missouri will continue to offer  
8 the full range of products and services, at the same prices, terms and conditions, as are  
9 offered on the day before the transaction (Lawson, Direct, page 7, line 10). Sprint  
10 Missouri currently provides telecommunications services pursuant to services set forth in  
11 the following tariffs:

|    |                   |   |
|----|-------------------|---|
| 12 | P.S.C. Mo. No. 10 | Exchange Boundary Maps                    |
| 13 | P.S.C. Mo. No. 11 | Wireless Termination Tariff               |
| 14 | P.S.C. Mo. No. 22 | General and Local Exchange Tariff         |
| 15 | P.S.C. Mo. No. 23 | Message Telecommunications Service Tariff |
| 16 | P.S.C. Mo. No. 24 | Private Line Services Tariff              |
| 17 | P.S.C. Mo. No. 25 | Wide Area Telecommunications Service      |
| 18 |                   | Tariff                                    |
| 19 | P.S.C. Mo. No. 26 | Access Services Tariff                    |

20 Except for renaming these tariffs to reflect the as-yet-to-be-determined name for  
21 Sprint Missouri, the services offered in these tariffs will continue uninterrupted by Sprint  
22 Missouri. The services will continue to be offered to both existing customers and, absent  
23 existing grandfathering provisions, to new customers as well.

1           **Q.    What about long distance customers who have currently chosen**  
2 **Sprint Communications Company L.P. as their Primary Interexchange Carrier**  
3 **(PIC)? Will their service continue uninterrupted?**

4           A.    Yes. Listed below is a description of how the proposed transaction will  
5 affect long distance customers:

6                   (1) Direct-dial subscribers (i.e., those PICed to Sprint  
7 Communications Company L.P.) who are impacted by the transaction will  
8 receive a notice by mail indicating that in the future their long distance  
9 service will be provided by Sprint Long Distance. This notice will include  
10 statements providing for an opportunity for customers to choose another  
11 long distance carrier (or remain with Sprint Communications Company  
12 L.P.) if they do not desire to receive service from Sprint Long Distance.

13                  (2) Business customers subscribed to Sprint Communications  
14 Company L.P. with their headquarters located anywhere *in the eighteen-*  
15 *state service area* of the LHC will become customers of Sprint Long  
16 Distance at separation unless the business customer notifies Sprint  
17 Missouri that it wishes to remain a customer of Sprint Communications  
18 Company L.P.

19                  (3) Business customers subscribed to Sprint Communications  
20 Company L.P. with their headquarters located *outside of the eighteen-state*  
21 *service area* of the LHC will remain customers of Sprint Communications  
22 Company L.P., unless the business customer notifies Sprint Missouri that  
23 it wishes to be provided service by Sprint Long Distance.

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(4) All customer notices will conform to Missouri Public Service Commission (MoPSC) rules. In particular, notice will be sent to all affected customers pursuant to 4 CSR 240-33.150 (4). This subsection requires affected customers to be notified through a notice in each subscriber's bill at least thirty days in advance of the change to Sprint Long Distance. The notice shall also notify subscribers of the right to switch to another service provider.

(5) All customers of Sprint Communications Company L.P. who have instituted a Preferred Carrier Freeze will be offered an opportunity to verbally lift the freeze pursuant to 4 CSR 240-33.150 (6) (E).

(6) Sprint Missouri local customers PICed to an interexchange carrier other than Sprint Communications Company L.P. will remain customers of their selected long distance carrier (e.g. MCI, AT&T, etc).

(7) Customers who have not PICed a long distance carrier will remain unchanged.

(8) The transaction will have no impact on dial-around capabilities of any local exchange customer.

(9) Customers electing to switch their long distance service to Sprint Long Distance will be provided service pursuant to Sprint Long Distance's P.S.C. Mo. No. 12 tariff.

**Q. Please explain the relevance of Sprint Long Distance P.S.C. Mo. Tariff**

**No. 12.**

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1           A.     In Case No. LA-2006-0075, the Commission granted a certificate to  
2 provide interexchange carrier services to Sprint Long Distance, Inc. Sprint Long Distance  
3 is the temporary name given to LHC's new long distance reseller company. The  
4 certificate and PSC Mo. No. 12 tariff were approved effective October 2, 2005. The  
5 tariff, as currently approved, offers the products and services Sprint Long Distance  
6 intends to offer its new long distance customers beginning on the day after separation. It  
7 is noteworthy that not all of Sprint Communications Company L.P.'s current service  
8 offerings will be offered to new Sprint Long Distance customers beginning the day after  
9 separation; nor will such offerings be made to new customers at any time in the future.  
10 For example, Sprint Communications Company LP's PSC Mo. No. 2 Interexchange  
11 Tariff is 764 pages in length. This contrasts with the 54 pages comprising Sprint Long  
12 Distance's PSC Mo. No. 12 Interexchange Tariff.

13           **Q.     Please explain the difference in the length of the two tariffs.**

14           A.     Many of the products, services, and rates currently offered by Sprint  
15 Communications Company LP are currently grandfathered services not being made  
16 available to new customers. The process of grandfathering existing long distance  
17 services is common in the industry, has been occurring for years, and is no cause for  
18 alarm. It is not unusual for customers to continue on one service plan no longer being  
19 offered to new customers. In normal circumstances, such customers are gradually  
20 migrated to newer, often more attractive plans. To the extent that no customers currently  
21 subscribe to the services, I would not expect Sprint Long Distance to list the obsolete  
22 services in its P.S.C. Mo. Tariff No. 12. Other examples contributing to a much smaller  
23 tariff include expired promotions, services provided primarily on an interstate basis such

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1 as federal government contracts, wholesale services, and simply blank tariff pages.  
2 Lastly, there are some Sprint Communications Company L.P. services that Sprint Long  
3 Distance simply does not believe are necessary to offer on a going-forward basis.

4 **Q. Is Sprint Long Distance expected to make further changes to its P.S.C.**  
5 **Mo. Tariff No. 12?**

6 A. Yes. As previously indicated, P.S.C. Mo. No. 12 is currently limited to  
7 the products and services Sprint Long Distance intends to offer to all new customers as of  
8 the date of the transaction. To the extent Sprint Communications Company is currently  
9 offering products and services that are not listed in P.S.C. Mo No. 12, one or two  
10 processes must occur: (1) Sprint Long Distance will have to migrate customers  
11 subscribing to the non-listed services to services that are listed in P.S.C. Mo. No. 12 or,  
12 (2) the non-listed services will have to be listed in P.S.C. Mo. No. 12 and denoted as  
13 services no longer offered to new customers. In either case, Sprint Long Distance will  
14 offer all of its services pursuant to rates contained in the tariff, unless otherwise  
15 specifically authorized by Missouri law.

16 **Q. In addition to retail voice telecommunications services, will Sprint**  
17 **Long Distance offer retail interstate and international data and private line**  
18 **services?**

19 A. Yes, Sprint Long Distance will offer a "full suite" of services. As  
20 reflected beginning on page 8, line 20 in the Direct Testimony of Sprint witness Mark A.  
21 Harper, Sprint Long Distance will offer intrastate, interstate, and international private line  
22 data services such as ATM, Frame Relay, and Dedicated Internet Protocol data services.

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1 These are perhaps further examples of updates that Sprint Long Distance is expected to  
2 make to its P.S.C. Mo. Tariff No. 12 prior to the transaction.

3 **Q. Would you comment on Sprint Long Distance's resale of Sprint**  
4 **Communications Company L.P.'s long distance service?**

5 A. Yes. Although a final agreement has not been reached, the Staff has  
6 examined a draft summarizing the preliminary provisions of such an agreement.  
7 According to the draft preliminary contract, the wholesale long distance contract will be  
8 for multiple years. The final contract should contain certain protections for Sprint Long  
9 Distance which includes a Most Favored Nations clause, minimum service commitment  
10 periods, periodic price adjustment mechanisms, third-party benchmark pricing, aggregate  
11 averaging pricing comparisons with other similarly situated resellers, and other  
12 provisions designed to assure favorable wholesale pricing from Sprint Communications  
13 Company L.P.

14 Moreover, I would recommend that the final contract not preclude Sprint Long  
15 Distance from negotiating for more favorable rates, terms, and conditions with wholesale  
16 providers other than Sprint Communications Company L.P. In other words, Sprint Nextel  
17 should not impose itself as the exclusive long distance wholesale provider to Sprint Long  
18 Distance.

19 **Q. Will customers receive notice that they are being switched from**  
20 **Sprint Communications Company L.P. to Sprint Missouri?**

21 A. Yes. According to Sprint's Application (page 9), and the Direct  
22 Testimony of Sprint witness Richard Lawson (page 11, line 4) Sprint will provide notice  
23 to its customers pursuant to the rules of the Commission.

1           **Q.     What mechanical process will be used to transfer long distance**  
2 **customers from Sprint Communications Company L.P. to Sprint Long Distance?**

3           A.     At least 30 days prior to the transfer, notices will be sent out to all  
4 Missouri business and residential customers who have Sprint Missouri for their local  
5 service, and who also have Sprint Communications Company L.P. for their long distance  
6 service. Customers will be notified of the change in carriers, and be offered an  
7 opportunity to change to another provider of their choice, or stay with Sprint  
8 Communications Company L.P. If they do nothing, they will be switched to Sprint Long  
9 Distance. Business customers who are headquartered in any of Sprint's 18-state area will  
10 also be switched unless they elect other options. Those with headquarters outside the  
11 18-state region will remain customers of Sprint Communications Company L.P.

12           **Q.     Will customers be charged if they elect a choice other than Sprint**  
13 **Communications Company L.P. or Sprint Long Distance?**

14           A.     I am unable to find where this question is addressed by any of the Sprint  
15 witnesses. However, it is customary for customers to be assessed a nominal fee for  
16 changing service providers. Sprint Missouri's charge is \$5.00. Pursuant to new Federal  
17 Communications Commission guidelines established in CC Docket No. 02-53, rates for  
18 such charges are to be cost-based.

19           **Q.     What rules will govern the transfer of long distance customers from**  
20 **Sprint Communications Company L.P. to Sprint Long Distance?**

21           A.     There are two in particular. 4 CSR 240-33.150(4) pertains to changes in  
22 subscriber carrier selections and 4 CSR 240-22.150(6)(E) pertains to procedures for  
23 lifting Preferred Carrier Freezes.

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1           **Q.     Do you have a recommendation to make in observance of the carrier**  
2 **change process?**

3           A.     Yes. I recommend Sprint submit an advance copy of the customer  
4 notification to the official case file at least four weeks in advance of sending such notice  
5 to customers. Such notice should adequately explain the choices available to customers.  
6 Moreover, the notice should explain other relevant aspects of the corporate  
7 reorganization. The rules state that customers are to be notified at least 30 days in  
8 advance of actual transfer. Submitting an advance copy of the customer notice will  
9 permit the Commission and any interested party to review the notice to ensure customers  
10 are being adequately notified.

11           **Q.     Would you comment on Sprint Missouri's proposed resale of Sprint**  
12 **PCS wireless communications service?**

13           A.     Yes. As with resale of long distance, a final agreement has not been  
14 reached for the provision of resold wireless services. It is also worthy to note that, unlike  
15 long distance service, "there is no expectation of LTD Holding Company having a  
16 substantial wireless customer base at the initial point of separation", and billing and  
17 customer care capabilities "are still under development for wireless services", and "given  
18 these factors, wireless services are initially expected to have little impact on the overall  
19 financial results of LTD Holding Company." (Harper Direct, page 22, line 1).  
20 Nevertheless, the Staff has reviewed a draft summarizing the preliminary provisions of  
21 such an agreement between Sprint Missouri and Sprint PCS. According to the  
22 preliminary draft wireless contract, the agreement will be for multiple years. As with the  
23 resale long distance contract, I would recommend that the final wireless contract

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1 involving the services of Sprint PCS and Nextel should include provisions designed to  
2 assure favorable wholesale pricing to LHC and its subsidiaries for resold wireless  
3 communications services. Also similar to resold long distance contracts with Sprint  
4 Communications Company L.P., LHC should not be precluded from negotiating  
5 additional and replacement wireless contracts with other wireless providers. In other  
6 words, Sprint Nextel should not impose Sprint PCS as the exclusive wireless provider to  
7 Sprint Missouri.

8 **Q. Would you comment on Sprint Missouri's existing Interconnection**  
9 **Agreements?**

10 A. Yes. After the transaction, Sprint Missouri should continue to honor all  
11 previous Interconnection Agreements approved by the Commission, as well as to any  
12 Agreement pending approval at the time of transaction. Moreover, pursuant to Section  
13 252(a)(2)(1) of the Federal Telecommunications Act, Sprint Missouri should be required  
14 to continue uninterrupted any current negotiations for agreements that may be in progress  
15 at the time of transaction. All previously approved agreements may be adopted pursuant  
16 to federal law and Commission rules. The transaction will not have any impact on the  
17 terms of any existing interconnection agreement requirements of Sprint Missouri.

18 **Q. Would you comment on what will happen with Sprint Missouri's**  
19 **exchange access services after the transaction?**

20 A. Yes. Exchange access services are the services provided by local  
21 exchange carries to facility-based long distance carriers. Exchange access provides a  
22 long distance company the ability to gain access to the local network facilities so that a  
23 long distance company can provide service to its customers. If the proposed transaction

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1 is approved, all current exchange access services of Sprint Missouri will continue to be  
2 offered to customers without any interruption of service. The transaction will not have  
3 any impact on exchange access service. Consequently, wholesale and retail long distance  
4 services are expected to transfer seamlessly.

5 **Q. Would you comment on any prior decisions by the Missouri Public**  
6 **Service Commission that may be impacted by Commission approval of the pending**  
7 **transaction?**

8 A. Yes. Sprint Communications Company L.P. was granted a Competitive  
9 Local Exchange Carrier certificate (Sprint C-LEC) to provide basic local  
10 telecommunications service in Case No. TA-97-269. Among other areas, Sprint C-LEC  
11 is authorized to provide basic local telecommunications service in the operating territory  
12 of the incumbent, Sprint Missouri. The 1998 Stipulation and Agreement associated with  
13 Case No. TA-97-269 is primarily designed as a safe-guard against affiliate transactions  
14 that might be detrimental in a competitive local exchange environment. In my opinion, if  
15 the Commission approves the pending transaction, the Commission should declare the  
16 prohibitions affecting affiliate transactions in the 1998 Stipulation and Agreement  
17 rescinded, as the original precautions will no longer be valid, given that the two entities  
18 will no longer be affiliated. The relevant prohibitions are found in paragraph E in the  
19 Commission's Report and Order in Case No. TA-97-269 issued April 21, 1998:

20 a) Sprint will follow service quality rules, including reporting,  
21 to the same extent as other CLECs.

22  
23 b) Sprint-United will treat Sprint as any other nonaffiliated  
24 CLEC with regard to interconnection, unbundling, resale, dissemination of  
25 technical information, the provision of new services, or the modification  
26 of facilities.  
27

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1           c)     Sprint will not receive preferential treatment with regard to  
2     display of its number and information in Sprint-United's phone  
3     directories.

4  
5           d)     Sprint and Sprint-United will conduct operations  
6     independently.

7  
8           e)     Sprint shall maintain separate books, records, and accounts;  
9

10          f)     Sprint may not obtain credit in a way which would permit  
11     the creditor to have direct recourse to the assets of Sprint-United.

12  
13          g)     Sprint shall conduct all transactions with Sprint-United at  
14     arm's length and in writing.

15  
16          h)     Sprint-United may not engage in discrimination between  
17     Sprint and any other entity with regard to the provision or procurement of  
18     goods, services, facilities, information, and the establishment of standards.

19  
20          i)     Sprint-United shall account for any transactions with Sprint  
21     in accordance with accounting principles and rules of the FCC and the  
22     Commission.

23  
24          j)     Both Sprint-United and Sprint shall fill requests for phone  
25     exchange service or exchange access on the same terms for unaffiliated  
26     entities as they do for affiliated entities.

27  
28          k)     Both Sprint-United and Sprint shall fill any requirement to  
29     provide telecommunications facilities or services, or network information,  
30     to any other entity under the same terms and conditions, consistent with 47  
31     U.S.C. 251.

32  
33          l)     Both Sprint-United and Sprint shall charge its affiliate or  
34     impute to itself an amount for access to its phone exchange service and  
35     exchange access that is not less than the amount charged to unaffiliated  
36     carriers for such service.

37  
38          m)     Sprint-United will offer unbundled network element  
39     (UNEs) or resale throughout its territory, on the same terms, prices, and  
40     conditions, regardless of whether Sprint-United or Sprint provides the  
41     underlying facilities. However, the terms, prices, and conditions may vary  
42     if the underlying facilities are provided by a nonaffiliated CLEC.

43  
44          n)     Sprint shall not offer local services or functionalities based  
45     on Sprint-United's services or functionalities that Sprint-United does not  
46     offer on a retail basis to its own end user customers.

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1           o)     Sprint-United and Sprint shall be treated as one company  
2           for purposes of determining the effective level of competition in Sprint-  
3           United's territory under S.B. 507.  
4

5           **Q.     Will Sprint C-LEC continue to provide basic local**  
6 **telecommunications service after the transaction?**

7           A.     As a competitive local exchange carrier, Sprint C-LEC is free to enter,  
8           expand upon, and, if appropriate, exit various market segments as management deems  
9           appropriate. This would include the local exchange markets for which the company is  
10          certificated, including the service areas of incumbents Southwestern Bell, CenturyTel,  
11          and Sprint Missouri. For example, pursuant to Tariff File No. JC-2006-0324, which  
12          Sprint C-LEC filed on October 27, 2005, Sprint C-LEC has elected to discontinue  
13          providing service to new business customers in the Kansas City market area. The filing  
14          is scheduled to become effective on November 29, 2005. The decision of Sprint C-LEC  
15          to apply market entry/exit strategies also extends to Sprint C-LEC's service provisioning  
16          to other competitive local exchange carriers, such as the company's widely reported  
17          partnering activities with the cable telecommunications industry. However, beyond  
18          Tariff File Number JC-2006-0324, there is no indication that the company has any plans  
19          to discontinue local exchange services, or partnering activities, or to exit any of the  
20          market areas in which it is currently competing.

21          **Q.     Will Sprint Communications Company L.P. continue to provide**  
22 **presubscribed long distance service to all Missourians regardless of where they live,**  
23 **and without regard to the incumbent local exchange carrier involved?**

24          A.     The Application does not address future long distance plans of Sprint  
25          Communications Company L.P. However, as with the current situation, absent potential

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1 contract obligations, Sprint Communications Company L.P. is free to enter, expand upon,  
2 or, if deemed appropriate by management, exit any market it chooses, including the  
3 competitive long distance market in rural Missouri. However, there is no indication that  
4 the company has any plans to discontinue providing long distance service to any  
5 customers or to any service area in Missouri.

6 **Q. Can you comment on the proposed impact, if any, of the transaction**  
7 **on the Relay Missouri contract?**

8 A. Relay Missouri is provided by Sprint Communications Company L.P.  
9 pursuant to the contract terms with the State of Missouri, with oversight administered by  
10 the Commission and its staff. The proposed transaction, if approved, should not affect  
11 the continued provisioning of the Relay Missouri services provided by Sprint  
12 Communications Company L.P. But again, as is the current situation, in the future Sprint  
13 Communications L.P. will be free to enter, expand upon, or exit the market for  
14 competitive services, including Relay Missouri services, as deemed appropriate by  
15 management, subject to currently existing and future binding contract provisions.  
16 However, there is no indication that Sprint Communications Company L.P. has any plans  
17 to stop bidding on future Relay Missouri services.

18 **Q. Would you comment on Sprint Missouri's price cap status?**

19 A. Yes. If the proposed transaction is approved, Sprint Missouri will continue  
20 to be designated as a price cap carrier in Missouri pursuant to Section 392.245 RSMo.  
21 Moreover, telephone exchange areas that have been deemed to be competitive will  
22 continue to maintain their competitive designation, subject to any statutorily imposed  
23 future review requirements by the Commission. Also, having previously elected to

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1 rebalance local and exchange access rates the maximum number of times as allowable by  
2 Missouri law, Sprint Missouri is not expected to further rebalance rates pursuant to  
3 392.245(8), unless otherwise permitted by law. These matters will be transparent from  
4 Sprint Missouri to LHC's new Missouri local exchange affiliate upon completion of the  
5 transaction.

6 **Q. Would you comment on the network assets that will be necessary for**  
7 **Sprint Missouri to continue operations with transparency to its customers after the**  
8 **transaction?**

9 A. Yes. In order to continue quality services to its Missouri customers, Sprint  
10 Missouri will need to be in possession of the networking assets necessary to provide all  
11 of the required services. These networking assets include such items as switching  
12 facilities, and an extensive outside plant feeder, distribution, and loop system capable of  
13 servicing all households, institutions, and businesses in Sprint Missouri's franchise  
14 territory. Sprint Missouri will require operator services and access to long distance  
15 services for its customers. Control of these facilities will permit Sprint Missouri to not  
16 only offer traditional local exchange services, but it will also be able to bundle the basic  
17 services with other services such as long distance, wireless, data, Internet, and, in the  
18 future, perhaps video services over local loop facilities. (Sprint Long Distance is  
19 expected to bundle Dish Network Satellite TV).

20 **Q. Does the Commission have any assurances that these critical basic**  
21 **local network assets will be the property of Sprint Missouri after the transaction?**

22 A. Yes. Assurances are provided throughout the testimonies of various  
23 Sprint witnesses. In particular, beginning on page 9, line 7, of the Direct Testimony of

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1 Richard Lawson, Mr. Lawson describes how such assets will remain the property of  
2 LHC's Missouri operations after the separation. In short, all assets that are today the  
3 property of Sprint Missouri will remain assets of Sprint Missouri operations after  
4 separation. Mr. Lawson also describes how Sprint Missouri will have all the necessary  
5 network assets, ordering, provisioning, billing and customer care capabilities required to  
6 provide quality retail and wholesale services after the separation.

7 **Q. Would you comment on centralized support services that are needed**  
8 **to operate a local exchange company? Does the Commission have any assurances**  
9 **that these services will continue uninterrupted after the separation?**

10 A. Yes. As covered in the Direct Testimony of Sprint witness Mark A.  
11 Harper (page 7, line 6), centralized support services such as human resources, finance,  
12 tax, communications, legal, planning, general support and information services are  
13 currently provided by a management subsidiary of Sprint. After separation, LHC's  
14 Missouri operations will continue to receive similar management services from a new  
15 affiliated management company of LHC.

16 **Q. Mr. Harper and Mr. Lawson discuss shared assets. Please discuss**  
17 **shared assets.**

18 A. Certain assets used to provision-, or support the provision of, local  
19 exchange service are shared among the various Sprint local exchange companies, or with  
20 various operating divisions such as Sprint Communications Company L.P. As part of  
21 separation, Sprint undertook a structured review process to evaluate and determine which  
22 entity has the predominate use of the shared asset prior to separation. The process of  
23 identifying and assigning shared assets is more fully covered beginning at page 24, line 9

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of Sprint witness Harper's Direct Testimony. The following represent characteristics of shared assets:

- ✓ These assets have historically been placed on the books of Sprint United Management Company, and the disposition of these shared assets is not yet complete. In some instances, an asset or service is required by the separated company that does not retain ownership.
- ✓ Approximately 97 percent of the assets used today by Sprint Local Service divisions reside on the books of the local operating companies such as Sprint Missouri (there are 18 local divisions in all).
- ✓ Assets that are shared with other Sprint affiliates represent only approximately three percent (3%) of the assets for which a final "spin off" determination is to be made.
- ✓ Only approximately 10% of all "shared assets" are actually network assets and the vast majority of these assets are being assigned to LTD Holding Company.
- ✓ Some of the "shared assets" will continued to be relied on to provide service for an interim period post separation under terms of an administrative usage tracking tool known as a Transition Service Agreement. Services provided via Transaction Service Agreements will be priced at cost, and are expected to be in place for approximately one year, during which time the purchasing company is expected to develop and implement their respective stand-alone capabilities. In instances of where LTD Holding Company subsidiaries utilize shared assets that remain in

1 ownership by Sprint, LTD Holding Company subsidiaries will purchase  
2 the necessary capabilities from Sprint. The same will be true in the  
3 reverse.

4 **Q. Is the Staff convinced that distribution of the shared assets and**  
5 **implementation of Transitional Service Agreements will permit Sprint Missouri to**  
6 **continue to provide high quality telecommunications service?**

7 A. Yes, the Staff accepts the conclusions of Sprint witness Lawson who  
8 addresses shared assets beginning at page 9, line 5 of his Direct Testimony. According to  
9 Mr. Lawson, the new entity "will have all of the necessary network assets, and ordering,  
10 provisioning, billing and customer care capabilities required to continue to provide high  
11 quality retail and wholesale services seamlessly after separation." The Staff also accepts  
12 the analysis and conclusions of Sprint witness Harper who testifies in his Direct  
13 Testimony that the shared asset process is "not expected to generate a substantial change  
14 to the LTD Holding Company's financial statements" (page 24, line 8).

15 **Q. Have you examined the list of "Shared Assets" discussed above?**

16 A. Yes, Sprint provided a copy of the shared assets along with a list of  
17 Transition Service Agreements, and a description of the process used to assign the shared  
18 assets.

19 **Q. Do you have any concerns pertaining to how the shared assets are**  
20 **being assigned ownership?**

21 A. No. My primary inquiry was directed in the area of network assets as  
22 opposed to, for example, office furniture, workstations, and aircraft. My focus was on  
23 ensuring that Sprint Missouri obtain the proper share of assets needed to permit it to

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1 continue offering service seamlessly and economically to its customers. For example, I  
2 was particularly seeking assurances that Sprint Missouri would maintain ownership of  
3 certain call routing capabilities, as discussed beginning on page 23, line 17, of Sprint  
4 witness Harper's Direct Testimony. These capabilities are absolutely necessary to, for  
5 example, provide Local Number Portability and similar functionalities. As a result of my  
6 inquiry, I do not have any concerns in this area to report to the Commission.

7 **Q. Would you please summarize your testimony?**

8 A. Subject to the conditions set forth in staff testimony, the spin-off of Sprint  
9 Missouri is not detrimental to the public interest. The transaction will be very transparent  
10 to customers. After the transaction, Sprint Missouri will have the necessary technical,  
11 financial, and managerial ability to continue providing high quality telecommunications  
12 service in Missouri.

13 As it approaches the actual time of transfer, Sprint Long Distance will have to  
14 make additional filings to its P.S.C. Mo. No. 12 Tariff. Sprint Missouri's existing  
15 interconnection agreements with other carriers will be unaffected by the transaction.  
16 Sprint Missouri's existing access service offerings will be unaffected by the transaction.  
17 Sprint Communications Company L.P.'s provision of Relay Missouri service will be  
18 unaffected by the transaction.

19 The Commission should cancel the affiliate transaction conditions imposed on  
20 Sprint Communications Company L.P. in Case No. TA-97-269.

21 The spin-off will result in long distance customers of Sprint Communications  
22 Company L.P. being transferred to Sprint Long Distance, subject to notification of  
23 customers pursuant to Commission rules. I recommend that Sprint Missouri submit a

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1 copy of its proposed customer notification to the official case file at least 4 weeks prior to  
2 mailing out the notices to customers.

3 Sprint Nextel should not impose Sprint Communications Company L.P. as the  
4 exclusive long distance provider to Sprint Long Distance. Sprint Nextel should not  
5 impose Sprint PCS as the exclusive wireless provider to Sprint Missouri. Sprint  
6 Missouri's post spin-off operations should continue to include broadband deployment.

7 As part of the transaction, some "shared assets" will continue to be shared for  
8 approximately one year, during which time the companies will implement their respective  
9 stand-alone capabilities. The Staff accepts the testimony of Sprint witness Lawson who  
10 states that Sprint Missouri will continue to have the necessary network assets to continue  
11 to provide high quality service after the separation.

12 **Q. Does this conclude your Rebuttal Testimony?**

13 **A. Yes, it does.**

**William L. Voight**

**SUMMARY OF WORK EXPERIENCE**

**1974 – 1985** **United Telephone Company**, I began my telephone career on February 4, 1974, as a central office equipment installer with the North Electric Company of Gallion, Ohio. At that time, North Electric was the manufacturing company of the United Telephone System. My duties primarily included installation of all forms of central office equipment including power systems, trunking facilities, operator consoles, billing systems, Automatic Number Identification systems, various switching apparatuses such as line groups and group selectors, and stored program computer processors.

In 1976, I transferred from United's manufacturing company to one of United's local telephone company operations – the United Telephone Company of Indiana, Inc. I continued my career with United of Indiana until 1979, when I transferred to another United Telephone local operations company – the United Telephone Company of Missouri. From the period of 1976 until 1985, I was a central office technician with United and my primary duties included maintenance and repair of all forms of digital and electronic central office equipment, and programming of stored program computer processors. United Telephone Company is today known as Sprint Communications Corporation.

**1985-1988** In 1985, I began employment with **Tel-Central Communications, Inc.**, which at that time was a Missouri-based interexchange telecommunications carrier with principal offices in Jefferson City, Missouri. As Tel-Central's Technical Services Supervisor, my primary duties included overall responsibility of network operations, service quality, and supervision of technical staff. Tel-Central was eventually merged with and into what is today WorldCom.

In conjunction with Tel-Central, I co-founded **Capital City Telecom**, a small business, "non-regulated" interconnection company located in Jefferson City. As a partner and co-founder of Capital City Telecom, I planned and directed its early start-up operations, and was responsible for obtaining financing, product development, marketing, and service quality. Although Capital City Telecom continues in operations, I have since divested my interest in the company.

**1988-1994** In 1988, I began employment with **Octel Communications Corporation**, a Silicon Valley-based manufacturer of Voice Information Processing Systems. My primary responsibilities included hardware and software systems integration with a large variety of Private Branch eXchange (PBX), and central office switching systems. Clients included a large variety of national and international Local Telephone Companies, Cellular Companies and Fortune 500 Companies. Octel Communications Corporation is today owned by Lucent Technologies.

**1994-Present** **Missouri Public Service Commission**

**William L. Voight**

**TESTIMONY EXPERIENCE**

- |                    |  |
|--------------------|--|
| Case No. TR-96-28  | In the Matter of Southwestern Bell's tariff sheets designed to increase Local and Toll Operator Service Rates.   |
| Case No. TT-96-268 | In the Matter of Southwestern Bell Telephone Company's tariffs to revise PSC Mo. No. 26, Long Distance Message Telecommunications Services Tariff to introduce Designated Number Optional Calling Plan.  |
| Case No. TA-97-313 | In the Matter of the Application of the City of Springfield, Missouri, through the Board of Public Utilities, for a Certificate of Service Authority to Provide Nonswitched Local Exchange and Intrastate Interexchange Telecommunications Services to the Public within the State of Missouri and for Competitive Classification. |
| Case No. TA-97-342 | In the Matter of the Application of Max-Tel Communications, Inc. for a Certificate of Service Authority to Provide Basic Local Telecommunications Service in Portions of the State of Missouri and to Classify Said Services and the Company as Competitive.   |
| Case No. TA-96-345 | In the Matter of the Application of TCG St. Louis for a Certificate of Public Convenience and Necessity to provide Basic Local Telecommunication Services in those portions of St. Louis LATA No. 520 served by Southwestern Bell Telephone Company.   |
| Case No. TO-97-397 | In the Matter of the Petition of Southwestern Bell Telephone Company for a Determination that it is Subject to Price Cap Regulation Under Section 392.245 RSMo. (1996).  |
| Case No. TC-98-337 | Staff of the Missouri Public Service Commission, Complainant, vs. Long Distance Services, Inc., Respondent.  |
| Case No. TO-99-227 | Application of Southwestern Bell Telephone Company to Provide Notice of Intent to File an Application for Authorization to Provide In-Region InterLATA Services Originating in Missouri Pursuant to Section 271 of the Telecommunications Act of 1996.   |
| Case No. TA-99-298 | In the Matter of the Application of ALLTEL Communications, Inc. for a Certificate of Service Authority to Provide Basic Local Telecommunications Service in Portions of the State of Missouri and to Classify Said Services and the Company as Competitive.  |

|                       |  |
|-----------------------|--|
| Case No. TO-99-596    | In the Matter of the Access Rates to be Charged by Competitive Local Exchange Telecommunications Companies in the State of Missouri.   |
| Case No. TO-99-483    | In the Matter of an Investigation for the Purpose of Clarifying and Determining Certain Aspects Surrounding the Provisioning of Metropolitan Calling Area Service After the Passage and Implementation of the Telecommunications Act of 1996.  |
| Case No. TO-01-391    | In the Matter of a further investigation of the Metropolitan Calling Area Service after the passage and implementation of the Telecommunications Act of 1996.  |
| Case No. TO-01-416    | In the Matter of Petition of Fidelity Communications Services III, Inc. Requesting Arbitration of Interconnection Agreement Between Applicant and Southwestern Bell Telephone Company in the State of Missouri Pursuant to Section 252 (b)(1) of the Telecommunications Act of 1996. |
| Case No. TO-01-467    | In the Matter of the Investigation of the State of Competition in the Exchanges of Southwestern Bell Telephone Company.  |
| Case No. TT-02-129    | In the Matter of AT&T Communications of the Southwest, Inc.'s Proposed Tariff to Establish a Monthly Instate Connection Fee and Surcharge.   |
| Case No. TC-02-1076   | Staff of the Missouri Public Service Commission, Complainant, vs. BPS Telephone Company, Respondent.   |
| Case No. TK-04-0070   | In the Matter of the Application of American Fiber Systems, Inc. for Approval of an Agreement with Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, Under the Telecommunications Act of 1996.   |
| Case No. CO-2005-0066 | RE: In the Matter of the Confirmation of Adoption of an Interconnection Agreement with CenturyTel of Missouri, LLC d/b/a CenturyTel and Spectra Communications Group, LLC d/ba CenturyTel by Socket Telecom, LLC   |
| Case No. TO-2003-0257 | RE: In the Matter of the Request from the Customers in the Rockaway Beach Exchange for an Expanded Calling Scope to Make Toll-Free Calls to Branson  |