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July 1, 2002

Secretary of the  
Missouri Public Service Commission  
200 Madison Street, Suite 100  
P.O. Box 360  
Jefferson City, Missouri 65102-0360

FILED  
JUL 01 2002  
Missouri Public  
Service Commission

RE: *In the Matter of the Investigation of the Actual Costs Incurred in Providing Exchange Access Service and the Access Rates to be Charged by Competitive Local Exchange Telecommunications Companies in the State of Missouri;*  
Case No. TR-2001-65

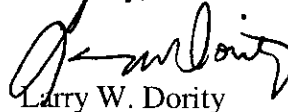
Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original and eight (8) copies of the Direct Testimony of Steve Brandon on behalf of ALLTELL Missouri, Inc.; Schedule A to the Direct Testimony is designated **HIGHLY CONFIDENTIAL** and is being filed under seal. One copy of the **NONPROPRIETARY** version of the Direct Testimony is also enclosed for filing.

Pursuant to the Commission's Order Adopting Procedural Schedule, Clarifying the Scope of this Proceeding, and Concerning Motion to Waive Service Requirement and Motion to Compel Discovery issued on March 14, 2002, a copy of the Direct Testimony of Steve Brandon, with **HIGHLY CONFIDENTIAL** Schedule A attached, and this cover letter will be served this date on counsel for all represented parties to the case, to be handled pursuant to the terms of the Protective Order issued in this matter. A copy of this cover letter will be served this date on all unrepresented parties who may request a copy of the **NONPROPRIETARY** version of the Direct Testimony of Steve Brandon, at no cost.

Thank you for your attention to this matter.

Sincerely,

  
Larry W. DORITY

/jr  
Enclosures

cc: Counsel for All Represented Parties of Record w/attachment  
All Unrepresented Parties of Record w/o attachment

## CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered or mailed, First Class, postage prepaid, this 1<sup>st</sup> day of July 2002, to:

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Cass County Telephone Company  
P.O. Box 398  
260 West First Street  
Peculiar MO 64078

Citizens Telephone Company  
of Higginsville Missouri  
1905 Walnut  
Higginsville MO 64037

Ellington Telephone Company  
P.O. Box 400  
201 College Avenue  
Ellington MO 63638

Fidelity Telephone Company  
64 North Clark Avenue  
Sullivan MO 63080

Granby Telephone Company  
P.O. Box 200  
Granby MO 64844

Green Hills Telephone Corporation  
P.O. Box 227  
7926 N.E. State Route M  
Breckenridge MO 64625

Holway Telephone Company  
P.O. Box 112  
208 Ash Street  
Maitland MO 64466

KLM Telephone Company  
P.O. Box 30  
Rich Hill MO 64779

Mark Twain Rural Telephone Company  
P.O. Box 68  
Highway 6 East  
Hurdland MO 63547

Miller Telephone Company  
P.O. Box 7  
209 Main Street  
Miller MO 65707

Craw-Kan Telephone Cooperative  
P.O. Box 100  
200 North Ozark  
Girard KS 66743

Faeber Telephone Company  
Main & Linn Streets  
Faeber MO 63345

Goodman Telephone Company Inc.  
P.O. Box 592  
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Seneca MO 64865

Grand River Mutual Telephone Corp.  
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Princeton MO 64673

Iamo Telephone Company Inc.  
P.O. Box 368  
104 Crook Street  
Coin IA 51636

Kingdom Telephone Company  
P.O. Box 97  
211 South Main  
Auxvasse MO

Le-Ru Telephone Company Inc.  
P.O. Box 147  
Stella MO 64867

McDonald County Telephone Company  
P.O. Box 207  
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Pineville MO 64856

New Florence Telephone Company  
P.O. Box 175  
101 N. Main Street  
New Florence MO 63363

New London Telephone Company  
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501 S. Main Street  
New London MO 63459

Oregon Farmers Mutual Telephone Co.  
P.O. Box 227  
118 E. Nodaway  
Oregon MO 64473

Peace Valley Telephone Company Inc.  
P.O. Box 9  
7101 State Highway W  
Peace Valley MO 64482

Seneca Telephone Company  
P.O. Box 329  
Seneca MO 64865

Steelville Telephone Company  
P.O. Box 97, Highway T  
Stoutland MO 65567

ACSI Local Switched Services Inc.  
131 National Business Parkway, Suite 100  
Annapolis MD 20701

Allegiance Telecom of Missouri Inc.  
1950 Stemmons Freeway  
Suite 3026  
Dallas TX 75207

American Communications Services  
of Kansas City Inc.  
131 National Business Parkway, Suite 100  
Annapolis Junction MD 20701

BarTel Communications Inc.  
333 Leffingwell, Suite 101  
St. Louis MO 63122

BroadStream Corporation  
4513 Pin Oak Court  
Sioux Falls SD 57103

Orchard Farm Telephone Company  
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St. Charles MO 63301

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P.O. Box 547  
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Seneca MO 64865

Rock Port Telephone Company  
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107 Opp Street  
Rock Port MO 64482

Spectra Communications Group LLC  
9200 Ward Parkway, Suite 600  
Kansas City MO 64114

AccuTel of Texas Inc.  
7900 John W. Carpenter Freeway  
Dallas TX 75247

Adelphia Business Solutions Operations  
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Coudersport PA 16915

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Little Rock AR 72203

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101 West McCarty Street, Suite 216  
Jefferson City MO 65101

Birch Telecom of Missouri Inc.  
2020 Baltimore Avenue  
Kansas City MO 64108

Business Telecom Inc. d/b/a BTI  
4300 Six Forks Road, Suite 400  
Raleigh NC 27609

Buy-Tel Communications Inc.  
P.O. Box 1170  
6409 Colleyville Blvd.  
Colleyville TX 76034

Central Missouri Telecommunications Inc.  
P.O. Box 496  
Osage Beach MO 65065

Ciera Network Systems Inc.  
2630 Fountainview Drive  
Suite 300  
Houston TX 77057

Computer Business Sciences Inc.  
80-02 Kew Gardens Road  
Suite 5000  
Kew Gardens NY 11415

DMJ Communications Inc.  
2525 N. Grandview, Suite 900  
Odessa TX 79761

EZ Talk Communications LLC  
4727 S. Main  
Stanfford TX 74777

Frontier Local Services Inc.  
1221 Nicollet Mall, Suite 300  
Minneapolis MN 55403

Global Crossing Local Services Inc.  
1221 Nicollet Mall  
Suite 300  
Minneapolis MN 55043

Intermedia Communications Inc.  
3625 Queen Palm Drive  
Tampa FL 33619

KMC Telecom III Inc.  
1543 Route 206, Suite 300  
Bedminster NJ 07921

Camarato Distributing Inc.  
900 Camarato Drive  
Herin IL 63948

Choctaw Communications L.C. d/b/a  
Smoke Signal Communications  
1600 Viceroy  
Dallas TX 75235

Comm S. Companies d/b/a  
Comm South Inc.  
P.O. Box 821269  
6830 Walling Lane  
Dallas TX 75382

Delta Phones Inc.  
P.O. Box 784  
105 Illinois Street  
Delhi LA 71232

ExOp of Missouri Inc.  
303 N. Jefferson  
Kearney MO 64060

Fast Connections Inc.  
P.O. Box 130418  
Dallas TX 75313

Frontier Telemanagement  
180 S. Clinton  
Rochester NY 14646

Green Hills Telecommunications Services  
P.O. Box 227  
7926 NE State Route M  
Breckenridge MO 64625

Ionex Communications Inc.  
5710 LBJ Freeway, Suite 215  
Dallas TX 75240

LDD Inc.  
24 S. Minnesota  
Cape Girardeau MO 63702

Level 3 Communications LLC  
1025 El Dorado Blvd.  
Broomfield CO 80021

Mark Twain Communications Co.  
P.O. Box 128  
Hurdland MO 63547

Max-Tel Communications Inc.  
P.O. Box 280  
102 West Franklin  
Alvord TX 76225

Navigator Telecommunications LLC  
P.O. Box 13860  
North Little Rock AR 72113

NOW Communications Inc.  
713 Country Place Drive  
Jackson MS 39208

The Page Company  
3030 East Truman Road  
Kansas City MO 64127

QCC Inc.  
8829 Bond Street  
Overland Park KS 66124

Quintelco Inc.  
1 Blue Hill Plaza  
Pearl River NY 10965

Ren-Tel Communications Inc.  
1734 Highway 113 N.  
Carrollton GA 30117

Logix Communications Corp.  
3555 NW 58<sup>th</sup>, Suite 900  
Oklahoma City OK 73112

Maxon Inc.  
10647 Widmer Road  
Lenexa KS 66215

Missouri Telecom Inc.  
P.O. Box 419  
515 Cleveland, Suite C  
Monett MO 65708

Net-Tel Corp. d/b/a Net-Tel  
Communications Corp.  
11921 Freedom Drive, Suite 550  
Reston VA 20190

Omniplex Communications Group  
17 Missouri Research Park Dr.  
St. Charles MO 63304

Preferred Carrier Service Inc.  
d/b/a Phones for All  
14681 Midway Road, Suite 105  
Dallas TX 75244

Quick-Tel Communications Inc.  
P.O. Box 196  
456 W. Rock Island  
Boyd TX 76023

Reitz Rentals Inc.  
d/b/a SouthWest TeleConnect  
7000 Cameron Road, Suite 200  
Austin TX 78752

Simply Local Services Inc.  
2225 Apollo Drive  
Fenton MO 63026

Snappy Phone of Texas Inc.  
d/b/a Snappy Phone  
P.O. Box 29620  
6901 W. 70<sup>th</sup> Street  
Shreveport LA 71129

Sprint Communications Company LP  
8140 Ward Parkway 5E  
Kansas City MO 64114

Suretel Inc  
5 N. McCormick  
Oklahoma City OK 73127

TCG St. Louis  
Teleport Communications Group  
Two Teleport Drive, Suite 300  
Staten Island NY 10311

Tel-Link LLC  
1001 Third Avenue West  
Suite 354  
Bradenton FL 34205

TranStar Communications LLC  
P.O. Box 2999  
Harlingen TX 78551

Universal Telephone  
2405 E. Pawnee, Suite 10  
Wichita KS 67211

U.S. Teleco Inc. d/b/a 1-800-Reconex  
P.O. Box 40  
2500 Industrial Avenue  
Hubbard OR 97032

Worket Communications Inc.  
7777 Bonhomme Avenue, Suite 2000  
St. Louis MO 63105

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AT&T Communications of the Southwest  
1875 Lawrence Street  
Suite 1575  
Denver CO 80202

Sterling International Funding Inc.  
d/b/a Reconex  
P.O. Box 40  
Hubbard OR 97032-0040

TCG Kansas City Inc.  
Teleport Communications Group  
Two Teleport Drive, Suite 300  
Staten Island NY 10311

Teligent Inc.  
8065 Leesburg Pike  
Suite 400  
Vienna VA 22182

Tin Can Communications Company LLC  
1063 Wirt Road  
Suite 202  
Houston TX 77005

United States Telecommunications Inc.  
d/b/a Tel Com Plus  
13902 N. Dale Mabry, Suite 212  
Tampa FL 33618

USLD Communications Inc.  
4250 N. Fairfax Drive, Suite 12W002  
Arlington VA 22203

Winstar Wireless Inc.  
1615 L Street NW  
Suite 1250  
Washington DC 20036

2<sup>nd</sup> Century Communications Inc.  
7702 Woodland Center  
Tampa FL 33614

Advanced Telecom Group Inc.  
110 Stony Point Road  
2<sup>nd</sup> Floor  
Santa Rosa CA 95401

Atlas Communications Ltd.  
482 Norristown Road, Suite 200  
Blue Bell PA 19422

BellSouthBSE Inc.  
32 Perimeter Center East  
Atlanta GA 30346

Broadband Office Communications Inc.  
2900 Telestar Court, 2<sup>nd</sup> Floor  
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CAT Communications International Inc.  
4142 Melrose Avenue, Suite 25  
Roanoke VA 24107

CCCMO Inc. d/b/a Connect!  
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Little Rock AR 72203

ConnectSouth Communications  
of Missouri Inc.  
9600 Great Hill Trail  
Austin TX 78759

Cox Missouri Telecom LLC  
231 E. 4<sup>th</sup> Street  
P.O. Box 696  
Carthage MO 64836

Dial & Save of Missouri Inc.  
8750 N. Central Expressway, Suite 1500  
Dallas TX 75231

Digital Teleport Inc.  
8112 Maryland Ave., 4<sup>th</sup> Floor  
St. Louis MO 63105

American Fiber Network Inc.  
9401 Indian Creek Parkway  
Suite 140  
Overland Park KS 66210

Basicphone Inc.  
3512 Mockingbird, Suite D  
Orange TX 77630

Bluestar Networks Inc.  
801 Crescent Center Drive #600  
Franklin TN 37064

CapRock Telecommunications Corp.  
15601 N. Dallas Parkway, Suite 700  
Addison TX 75001

C.C.O. Telecom Inc.  
7265 N. Oak Trafficway  
Gladstone MO 64118

Compass Telecommunications Inc.  
7001 Scottsdale Road, Suite 2000  
Scottsdale AZ 85250

Convergent Communications Services Inc.  
400 Iverness Drive South  
Suite 400  
Englewood CO 80112

Cypress Communications Operating Co.  
15 Piedmont Center  
Suite 100  
Atlanta GA 30305

Digital Broadcast Network Corporation  
424 S. Woods Mill Road, Suite 350  
Chesterfield MO 63017

dPi-Teleconnect LLC  
2997 LBJ Freeway, Suite 225  
Dallas TX 75234



Eagle Communications Missouri Inc.  
60 E. 56<sup>th</sup> Street  
New York NY 10022

Essential.com, Inc.  
Three Burlington Woods Drive  
4<sup>th</sup> Floor  
Burlington MA 01803

Everest Connections Corporation  
5555 Winghaven Blvd.  
O'Fallon MO 63366

Excel Telecommunications Systems Inc.  
8750 N. Central Expressway  
Suite 200  
Dallas TX 75231

Fairpoint Communications Solutions Corp.  
6324 Fairview Road, Suite 400  
Charlotte NC 28210

Focal Communications Corp. of Missouri  
200 N. LaSalle Street, Suite 800  
Chicago IL 60601

GE Capital Communications Services  
d/b/a GE Exchange  
6540 Powers Ferry Road  
Atlanta GA 30339

Group Long Distance Inc.  
400 E. Atlantic Blvd.  
Pompano Beach FL 33060-6200

GTE Communications Corp.  
6665 N. MacArthur  
Irving TX 75038

HJN Telecom Inc.  
3235 Satellite Blvd.  
Building 400, Suite 300  
Deluth GA 30096

JATO Operating Corporation  
1099 18<sup>th</sup> Street, Suite 2200  
Denver CO 80202

Kansas City Fiber Network LP  
111 Main Street, Suite 300  
Kansas City MO 64105

LDM Systems Inc.  
430 Park Avenue, 5<sup>th</sup> Floor  
New York NY 10022

Local Line America Inc.  
P.O. Box 4551  
Akron OH 44310

Maxcess Inc.  
100 W. Lucerne Plaza, Suite 200  
Orlando FL 32801

Megsinet-CLEC Inc.  
225 W. Ohio, Suite 200  
Chicago IL 60610

Metro Connection d/b/a  
Transamerican Telephone  
209 E. University  
Danton TX 76201

MVX.com Communications Inc.  
100 Rowland Way  
Suite 145  
Novato CA 94945

Onfiber Carrier Services Inc.  
11921 N. MO PAC Expressway  
Suite 100  
Austin TX 78759

Onsite Access Local LLC  
1372 Broadway  
2<sup>nd</sup> Floor  
New York NY 10018

Pathnet Inc.  
11720 Sunrise Valley Drive  
Reston VA 20191

Prism Missouri Operations Inc.  
1667 K Street NW  
Suite 200  
Washington DC 20006

Supra Telecommunications  
& Information Systems Inc.  
2620 SW 27<sup>th</sup> Avenue  
Miami FL 33133

TLC Next Generation  
International Holdings LLC  
9113 Washington, Suite 625  
St. Louis MO 63101

Universal Access Inc.  
100 N. Riverside Plaza  
Suite 2200  
Chicago IL 60606

Vectris Telecom Inc.  
5000 Plaza on the Lake  
Suite 305  
Austin TX 78746

Payroll Advance Inc.  
808 S. Baker  
Mountain Home AR 72643

Rocky Mountain Broadband Inc.  
999 18<sup>th</sup> Street  
Suite 2201  
Denver CO 80202

Tel-Save Inc. of Pennsylvania  
6805 Route 202  
New Hope PA 18938

TransNational Telecommunications Inc.  
8626 Tesoro Drive  
Suite 440  
San Antonio TX 78217

U.S. TelePacific Corp.  
d/b/a TelePacific Communications  
515 S. Flower Street, 49<sup>th</sup> Floor  
Los Angeles CA 90071

Z-Tel Communications Inc.  
601 S. Harbour Island Blvd.  
Suite 220  
Tampa FL 33602

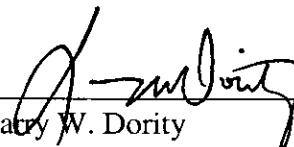
  
Larry W. Dority

EXHIBIT NO:  
ISSUE: OTHER TELEPHONE  
SPECIFIC ISSUES  
WITNESS: STEVE BRANDON  
TYPE OF EXHIBIT: DIRECT TESTIMONY  
SPONSORING PARTY: ALLTEL MISSOURI,  
INC.  
CASE NO.: TR-2001-65  
DATE: June 28, 2002

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

**FILED<sup>2</sup>**  
JUL 01 2002

In the Matter of an Investigation of the )  
Actual Costs Incurred in Providing )  
Exchange Access Service and the Access )  
Rates to be Charged by Competitive Local )  
Exchange Telecommunications )  
Companies in the State of Missouri. )

Case No. TR-2001-65

Missouri Public  
Service Commission

**DIRECT TESTIMONY**

**Of**

**STEVE BRANDON**

**On Behalf Of**

**ALLTEL MISSOURI, INC.**

**NP**

**Jefferson City, Missouri**

**June 28, 2002**

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


In the Matter of an Investigation of the	)	
Actual Costs Incurred in Providing	)	
Exchange Access Service and the Access	)	<u>Case No. TR-2001-65</u>
Rates to be Charged by Competitive Local	)	
Exchange Telecommunications	)	
Companies in the State of Missouri.	)	

**AFFIDAVIT OF STEVE BRANDON**

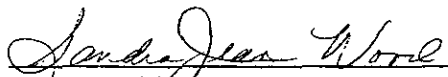
STATE OF ARKANSAS	)	
	)	SS
COUNTY OF PULASKI	)	

I, Steve Brandon, being duly sworn or affirmed, depose and state:

1. My name is Steve Brandon, and I am presently employed as Director of Costs for ALLTEL Communications.
2. Attached hereto and made part hereof for all purposes is my direct testimony in the above captioned case.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Steve Brandon

Subscribed and sworn or affirmed before me this 28th day of June, 2002.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:



**DIRECT TESTIMONY OF STEVE BRANDON**

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

A. My name is Steve Brandon, and my business address is One Allied Drive, P.O. Box 2177, Little Rock, Arkansas, 72202.

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

A. I am employed by ALLTEL Communications, Inc. as Director of Costs.

**Q. On whose behalf are you testifying in this proceeding?**

A. I am testifying on behalf of ALLTEL Missouri, Inc., a Missouri corporation, and an incumbent local exchange telecommunications company authorized to provide telecommunications services in Missouri. ALLTEL Communications, Inc. and ALLTEL Missouri, Inc. are wholly-owned subsidiaries of ALLTEL Corporation.

**Q. Please describe your educational background and experience.**

A. I graduated from Eastern Illinois University in 1987. I started my employment with Mid Continent Telephone, now ALLTEL, in 1977 at the Midwest Region headquarters in Rantoul, Illinois. My first area of responsibility was an outside plant draftsman. My second area of responsibility, in 1980, was to develop traffic separation factors. In 1982 I was appointed Manager of separation cost studies. In 1984 I also became responsible for carrier access billing. In 1988 I transferred to ALLTEL's corporate office in Hudson, Ohio as Staff Manager Separations and Access. In 1993 I transferred to ALLTEL's new corporate offices in Little Rock Arkansas as Director of Costs.

**Q. What are your responsibilities in your present position?**

A. I am responsible for all cost development for ALLTEL Corporation. This includes both embedded costs and incremental costs. Types of cost studies include: separations as defined in FCC Part 36 rules; access as defined in FCC Part 69 rules; Universal Service Fund as defined in FCC Part 54 rules; unbundled network elements, collocation, avoided,

poles, conduit, and reciprocal compensation as defined in FCC Part 51 rules; account assignment as defined in FCC Part 32 rules; and regulated account assignment as defined in FCC Part 64 rules. Additional cost development includes total service long run incremental, equipment leases, and competitive pricing support.

**Q. What is the purpose of your direct testimony?**

A. The purpose of my direct testimony is to sponsor and file ALLTEL Missouri's cost study as the appropriate basis for determining its intrastate access costs. The cost study is attached as Schedule A and is incorporated herein by reference. Schedule A is designated **HIGHLY CONFIDENTIAL ("HC")** in its entirety, and should be treated accordingly pursuant to the Protective Order previously adopted in this proceeding.

**Q. Was ALLTEL Missouri's cost study, Schedule A, prepared by you or under your direct supervision and control?**

A. Yes it was.

**Q. Why is ALLTEL Missouri ("ALLTEL") filing its own cost study in this proceeding?**

A. Pursuant to the agreement among the parties and the Commission's *Order Adopting Procedural Schedule* entered in this matter on March 14, 2002, the following procedures and respective dates were contemplated: the Commission's Staff was to provide "draft" exchange access cost studies on April 1; all parties were to provide feedback to Staff on the draft cost studies and provide notification of their intent to use their own cost studies, on May 1; Staff was to serve "finalized" cost studies on all parties on June 1; and Direct Testimony and all cost studies are to be filed by all parties, including Staff, on July 1. Based upon our preliminary and expedited review of Staff's draft cost study for ALLTEL, we expressed our concerns with the cost development methodologies utilized by Staff and its consultant, Ben Johnson Associates. We therefore notified the Staff that we intended to use our own cost study, and would be filing the study with my direct

1 testimony today. As a part of our feedback and notification on May 1, ALLTEL  
2 requested the opportunity to address our concerns with Mr. Johnson and his associates at  
3 the earliest opportunity and before Staff filed its "finalized" cost studies on June 1.  
4 However, that opportunity never occurred.

5 **Q. You reference your "preliminary and expedited" review of Staff's draft cost study**  
6 **for ALLTEL. Could you please elaborate?**

7 A. Yes. ALLTEL has not retained an "outside expert" for purposes of this proceeding and,  
8 pursuant to the Commission's standard Protective Order issued in this case, ALLTEL's  
9 internal employees possessing expertise in this area, including myself, could not view  
10 information designated as "highly confidential." While I had previously executed a  
11 Nondisclosure Agreement pursuant to the Protective Order, and only desired to see  
12 ALLTEL-specific cost models/cost study information at that stage of the proceeding so  
13 we could respond in a timely manner, Staff's consultants had utilized highly confidential  
14 or HC-designated information of Southwestern Bell, Verizon and Sprint in developing  
15 ALLTEL's cost study. As a result, the "ALLTEL-specific" cost study was not available  
16 to our own internal experts for review. Only after extensive contacts and the execution of  
17 separate Nondisclosure and Protective Agreements with Southwestern Bell, Verizon and  
18 Sprint, individually, three ALLTEL employees, including myself, were granted  
19 permission to review the highly confidential cost study information developed by the  
20 Staff and its consultants to identify ALLTEL's cost of access. Obviously, we have not  
21 had the opportunity to conduct any comparative analysis regarding the Staff's approach  
22 for other companies.

23 **Q. You also referenced concerns with the cost development methodologies utilized by**  
24 **Staff and its consultants. Can you be more specific?**

1 A. It's my understanding that Staff's direct case, and accompanying cost studies, are being  
2 filed on July 1 concurrent with all other parties' direct testimony. I will address Staff's  
3 testimony and cost study relating to ALLTEL, to the extent allowed, in my Rebuttal  
4 testimony to be filed on August 1. However, for purposes of understanding why we felt  
5 it imperative to file our own cost study, my concerns can be briefly summarized as  
6 follows. In comparison with ALLTEL's forecasted annual allocated cost study for  
7 intrastate access, wherein all costs are based on FCC Parts 36 and 69 rules consistent with  
8 its interstate analysis, Staff's cost development is based on 1999 data which utilizes: a)  
9 loop costs from an FCC model; b) switching costs from statistical analysis of line  
10 terminations, traffic sensitive, and getting started costs; and c) transport costs from  
11 statistical analysis of per circuit investments. As a result, ALLTEL has identified large  
12 differences in some of the cost elements, not to mention questions concerning the  
13 propriety of the statistical analysis and the utilization of surrogate costs from the "big  
14 three" ILECs.

15 **Q. Would you briefly describe ALLTEL's cost study, set forth as Schedule A?**

16 A. There are two types of cost studies submitted under Schedule A. One is a jurisdictionally  
17 allocated cost study using FCC Part 36 rules. The second is the state access portion of  
18 the jurisdictional study which is derived from FCC Part 69 rules. These studies are based  
19 on financial forecasts for the period July 1, 2002 through June 30, 2003. They are the  
20 same costs that underly ALLTEL Missouri's interstate access tariff rate development for  
21 the July 1, 2002 filing. Part 69 provides ALLTEL Missouri's specific costs for each  
22 intrastate access element.

23 **Q. In your opinion, why should the Commission adopt ALLTEL's cost study as the**  
24 **appropriate basis for determining ALLTEL's intrastate access costs?**



1   A.   First, and foremost, the cost studies are based on ALLTEL Missouri's specific cost data.  
2       As I mentioned in the previous question, these studies are the basis for ALLTEL  
3       Missouri's 2002/2003 interstate access tariff rate development. If a company uses  
4       surrogate costs for state access and actual costs for interstate access, then there is a high  
5       potential for either over or under recovery of total access costs. This is one of the  
6       problems with using costs based on the methodology proposed by Staff and its  
7       consultants.

8   **Q.   Does this conclude your testimony?**

9   A.   Yes.

10

**SCHEDULE A**

**HAS BEEN**

**DESIGNATED**

**HIGHLY CONFIDENTIAL**  
**(“HC”)**

**IN ITS**

**ENTIRETY**