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August 29, 2002

Secretary  
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P. O. Box 360  
Jefferson City, Missouri 65102

**FILED<sup>3</sup>**  
AUG 29 2002

**Re: Case No. TR-2001-65**

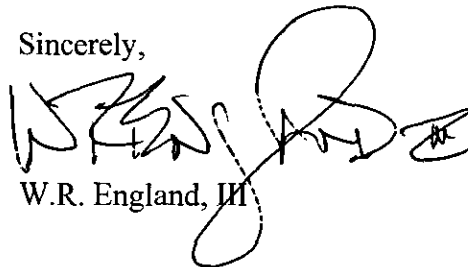
Missouri Public  
Service Commission

Dear Mr. Roberts:

Enclosed for filing please find an original and eight copies of the Surrebuttal Testimony of William J. Warinner.

Please see that this filing is brought to the attention of the appropriate Commission personnel. If there are any questions regarding this filing, please give me a call. I thank you in advance for your attention to and cooperation in this matter.

Sincerely,



W.R. England, III

WRE/da  
Enclosures  
cc: Parties of Record

Exhibit No.:  
Issue: Cost of Access  
Witness: William J. Warinner  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party:  
    Holway Telephone Company  
    KLM Telephone Company  
    Iamo Telephone Company  
    Green Hills Telephone Corporation  
Date: August 29, 2002

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. TR 2001-65**

**FILED<sup>3</sup>**

**AUG 29 2002**

**SURREBUTTAL  
OF WILLIAM J. WARINNER**

**Missouri Public  
Service Commission**

**ON BEHALF OF:**

**HOLWAY TELEPHONE COMPANY**

**KLM TELEPHONE COMPANY**

**IAMO TELEPHONE COMPANY**

**GREEN HILLS TELEPHONE CORPORATION**

In the matter of an Investigation of the Actual Costs )  
Incurred in Providing 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

County of  
State of

Johnson )  
Kansas )

**AFFIDAVIT OF**

**WILLIAM J. WARINNER**

William J. Warinner, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Sur-Rebuttal Testimony of William J. Warinner," that said testimony and schedules attached thereto was prepared by him and/or under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information and belief.

William J. Warinner  
William J. Warinner

Subscribed and sworn to before me this 22nd day of August, 2002.

Kathleen T. Coyte  
Notary Public

My Commission expires:

7/7/2004



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**OF**  
**WILLIAM J. WARINNER**  
**MISSOURI ACCESS RATES**  
**CASE NO. TR 2001-65**

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1 Kansas Corporation Commission's (KCC) Orders<sup>1</sup>, the use of Long-run  
2 Incremental Costing (LRIC) for pricing purposes, the rates from the  
3 Federal Communications Commission's Part 36/69, and SWBT's position  
4 that switched access does not cause any local loop costs.

5  
6 Mr. Craig Unruh on behalf of SWBT regarding the Missouri Universal  
7 Service Fund (MoUSF).

8  
9 Mr. Brian K. Staihr on behalf of Sprint, Missouri, Inc. regarding the local  
10 loop as a shared cost, his comparison of the television set to the local loop,  
11 and the use of forward-looking economic costs for "the actual costs  
12 incurred".<sup>2</sup>

13  
14 Ms. Barbara Meisenheimer, on behalf of the Office of the Public Counsel  
15 (OPC), regarding the implementation of rate adjustments on a revenue  
16 neutral basis, the potential use of a State Subscriber Line Charge (SLC)  
17 and/or the MoUSF as an alternative to raising local rates, and the cost  
18 causation of the local loop.

19  

---

<sup>1</sup> Case NO. 01-GIMT-082-GIT, in the Matter of a General Investigation into the Reformation of Intrastate Access Charges, issued September 25, 2001.

<sup>2</sup> See the Missouri Public Service Commission's Order, Page3, ordering paragraph 1, in this Case, TR-2001-65, effective August 18, 2000.

1 These issues can be summarized as clarification of the KCC Order, 01-GIMT-  
2 082-GIT, the relationship of shared costs between switched access and the local  
3 loop, the use of the MoUSF, and switched access costs and rates.

4  
5 **CLARIFICATION OF THE KCC ORDER 01-GIMT-082-GIT**  
6

7 **Q. MR. BARCH, SWBT's WITNESS, SUGGESTS THAT THE KCC, (IN ITS**  
8 **ORDER IN CASE 01-GIMT-082-GIT), EITHER DIRECTLY OR**  
9 **INDIRECTLY, AFFIRMED THE COST CAUSATION PRINCIPLE**  
10 **WHICH SWBT SUPPORTS.<sup>3</sup> DO YOU AGREE WITH MR. BARCH's**  
11 **CONCLUSION?**

12 **A.** No. I believe Mr. Barch's "findings" were taken out of context.  
13

14 **Q. ARE YOU FAMILIAR WITH THE KCC ORDER APPROVING THE**  
15 **STIPULATION AND AGREEMENT REFERENCED IN MR. BARCH's**  
16 **REBUTTAL TESTIMONY?**

17 **Q.** Yes, I am.  
18

19 **Q. DID THE REBUTTAL TESTIMONY PRESENTED BY MR. BARCH**  
20 **PROVIDE AN ACCURATE REPRESENTATION OF THE KCC's ORDER**  
21 **ISSUED IN THIS CASE?**

---

<sup>3</sup> See Page 20 of Mr. Barch's Rebuttal Testimony filed in this Case, TR 2001-65.

1 A. In my opinion, no. First of all, the issues involved in the Stipulation and  
2 Agreement, approved in 01-GIMT-082-GIT, related only to price-cap regulated  
3 companies, and “they (SWBT, Sprint, AT&T and KCC Staff) will not argue that  
4 decisions rendered in this phase of the docket are precedent in the later phase  
5 concerning rural companies”.<sup>4</sup> SWBT chose to include statements from the KCC  
6 Order, in this proceeding, without providing a reference to this important  
7 stipulation signed by Kansas’ Independent Telecommunications Group and the  
8 State Independent Alliance that represent the rural telephone companies.  
9 Evidently, SWBT decided to use the Kansas Stipulation as a basis for precedent in  
10 Missouri.

11  
12 Secondly, the sentences as quoted from paragraphs 24, 25, and 26 are contained in  
13 the Order, as part of the section titled “The Stipulation Provides a More  
14 Appropriate Means of Cost Recovery for Local Carrier’s Access and Local  
15 Service Rates”. However, included in the balance of the paragraphs (24, 25, and  
16 26) are references to the testimony of witnesses upon which the statements were  
17 based. Coincidentally, all three of these paragraphs cite Sprint’s witness in this  
18 case, Mr. Brian Staihr.

19  
20 Finally, the KCC, in Paragraph 23, stated that “In reaching its decision today, the  
21 Commission does not need to decide whether access services should continue to

---

<sup>4</sup> From Pages 1 and 2 of the Joint Motion for Approval of Stipulation and Agreement in KCC Case 01-GIMT-082-GIT, filed August 1, 2001.



1 be allocated a portion of loop costs due to the headroom discussed above.  
2 However, the Commission would note that the issue is not so much about how the  
3 costs are allocated among services, but how the costs are recovered – whether on  
4 a fixed or variable basis”.<sup>5</sup> It is my opinion that the KCC has not yet decided to  
5 eliminate a portion of the loop costs from access services, but is examining  
6 whether loop costs associated with access services should be recovered as a  
7 recurring rate, or on a “variable basis”.

8  
9 **Q. IN ORDER TO BETTER UNDERSTAND THE KCC’s ORDER IN 01-**  
10 **GIMT-082-GIT DISCUSSED IN MR. BARCH’s REBUTTAL**  
11 **TESTIMONY, WILL YOU BRIEFLY SUMMARIZE THE KANSAS**  
12 **STIPULATION AND AGREEMENT?**

13 **A.** Yes. The essence of the Kansas Stipulation and Agreement, between SWBT,  
14 Sprint (United), AT&T and the KCC Staff, was to reduce intrastate access rates  
15 toward parity with interstate rates. The revenue loss from intrastate access rate  
16 reductions would be recovered from an increase in local rates for residential and  
17 single line business services. The local service rates for these companies would  
18 target \$21.00 per month for urban and \$17.00 per month for rural. (The local  
19 service rates that were stated in the Stipulation were below these target rates.)

---

<sup>5</sup> See Page 11 of the KCC’s Order in 01-GIMT-082-GIT: “The intrastate access rates for both SWBT and United (Sprint) based on these studies (without the local loop) are lower than the access rates called for in the Stipulation. This result supports the conclusion that some costs of the local loop continue to be recovered in the Stipulation’s access rates or, if loop costs are ultimately excluded from recovery in access rates, some implicit subsidy remains in those rates to support other services. In either event, the existence of this headroom between theses rates demonstrate that approval of the Stipulation is an appropriate step in the transition to a framework more compatible with the development of a competitive market, as contemplated by the Kansas legislature.”

1 AT&T and Sprint Long Distance would “flow through the benefits of lower  
2 intrastate access rates to their customers.” In addition, AT&T agreed to dismiss  
3 or withdraw its complaints against SWBT and its long distance affiliate, and the  
4 signatory parties agreed that they would not seek any investigation into  
5 Sprint/United's intrastate access charges (for the life of the Stipulation and  
6 Agreement).

7  
8 The Stipulation and Agreement in KCC Case 01-GIMT-082-GIT was not to be  
9 considered as a precedent for the rural incumbent local exchange carriers  
10 (ILECs); applied only to the large price-cap ILECs; and did not address the  
11 recovery of the local loop in intrastate exchange access rates, as further discussed  
12 below.

13  
14 **Q. DID THE STIPULATION AND AGREEMENT IN 01-GIMT-082-GIT**  
15 **APPLY TO ANY OTHER LOCAL EXCHANGE CARRIER IN KANSAS**  
16 **OTHER THAN SWBT AND SPRINT?**

17 **A. No.**

18  
19 **RELATIONSHIP OF SHARED COSTS BETWEEN SWITCHED ACCESS**  
20 **AND THE LOCAL LOOP**

21  
22 **Q. SINCE THE KANSAS STIPULATION WAS BASED UPON THE**  
23 **RESULTS OF COSTS DEVELOPED BY SWBT AND SPRINT THAT DID**

1       **NOT INCLUDE THE LOCAL LOOP, DID THE KCC ADDRESS**  
2       **RECOVERY OF THE LOCAL LOOP THAT IS ATTRIBUTABLE TO**  
3       **ACCESS SERVICES?**

4     A.    Yes, as stated in Paragraph 27 of the Order, the KCC did not elect to specify a  
5           new fixed charge, (such as the Federal Communications Commission's (FCC)  
6           Subscriber Line Charge (SLC)) "for that portion of the loop cost attributable to  
7           access services and adding it to the customers local bill." Instead, the KCC chose  
8           to increase basic local rates for that "portion of the loop cost attributable to access  
9           services."

10  
11   **Q.   DO YOU BELIEVE THAT THE LOCAL LOOP SHOULD BE**  
12   **CONSIDERED AS SHARED COSTS WITH SWITCHED ACCESS?**

13   A.    Yes. Contrary to that of SWBT's witness, Mr. David Barch and Sprint's witness,  
14           Mr. Brian Staihr who support the belief that the local loop does not cause any  
15           switched access cost, I believe it is the use of the local loop that supports the  
16           assignment of costs for switched access. The local loop was not provided only  
17           for "local" calls; if this were true, then all other service providers would have  
18           installed a loop for access to the end user for their services, just as cable providers  
19           have done. Obviously, the provisioning of multiple loops into the home is not  
20           cost-efficient, and thus the local loop is jointly used, and should be considered as  
21           shared costs. The consumer is required to pay the Interstate SLC, even if the local  
22           loop is toll restricted. Obviously, this obligation by the consumer assumes "loop  
23           cost sharing" by the FCC.

1   **Q.   DO YOU AGREE WITH SPRINT’S WITNESS MR. STAIHR’S EXAMPLE**  
2       **OF THE LOCAL LOOP AND THE TELEVISION SET?**

3   Q.   No. Mr. Staihr states that the television set is used to view network television,  
4       cable programming and video cassettes.<sup>6</sup> Mr. Staihr states that if joint use implies  
5       joint cost, then “it would be correct that the price of a video rental and the price of  
6       cable television should include a portion of the price of the television set”. I  
7       believe the consumer is paying for the video rental and the cable programming,  
8       and that the television set, which was purchased separately by the consumer, is  
9       the instrument necessary to access (view) the services of the providers. The end  
10      user is using the telephone, generally purchased separately, as an instrument to  
11      access local and toll services, (for which the end user pays the service provider).

12  
13      The use of the television set does not necessarily require a common delivery  
14      system, i.e., the cable service provides its own “loop”. However, there is a  
15      “common” air-path (loop) and the cost of providing the network programming is  
16      “shared” among sponsors, who use this technology to access the consumer for  
17      their services. Obviously, the use of the telephone set can be for shared services,  
18      such as local and toll. Therefore, the comparison that Mr. Staihr should have  
19      presented was that of the television set to the telephone set, as this would have  
20      been a true “apples-to-apples” comparison.       —

21  

---

<sup>6</sup> See Pages 18 and 19 of Mr. Staihr’s Rebuttal Testimony in the Case, TR 2001-65.

1   **Q.    CONTINUING WITH THE TELEVISION COMPARISON INTRODUCED**  
2       **BY MR. STAIHR, IF A PREMIUM CONTENT PROVIDER (HBO) SOLD**  
3       **ITS PROGRAMMING DIRECTLY TO THE CONSUMER, USING A**  
4       **CATV COMPANY'S NETWORK, WOULD THE CATV COMPANY**  
5       **REQUIRE A CONTRIBUTION FROM THE CONTENT PROVIDER FOR**  
6       **THE USE OF ITS NETWORK?**

7   **A.**   Yes, it would. Let's assume that a CATV company built a network to provide  
8       public programming to its customers. Afterward, premium content providers  
9       approached the CATV Company to use its network for the delivery of premium  
10      programs to customers of the premium content providers. Clearly, the content  
11      providers would not be given free access to the CATV Company's network to  
12      deliver their programs to its consumers. In this example, the relationship between  
13      the premium content providers and the CATV Company are analogous to the  
14      relationship between other telecommunications providers (i.e. interexchange  
15      carriers, IXC's) and ILECs.

16  
17   **Q.    DO OTHER WITNESSES IN THIS CASE SUPPORT SHARED COSTS**  
18       **BETWEEN SWITCHED ACCESS AND THE LOCAL LOOP?**

19       Yes. The Office of Public Counsel's witness, Ms. Barbara Meisenheimer, states  
20       that: "The typical customer who purchases telecommunications services has little  
21       to do with the level of loop investment or the costs incurred. Cost causation  
22       justifies that the telephone company pay for constructing the facilities. However,

1 it does not necessitate full recovery of the cost directly from a segment or even  
2 the full base of service customers.”<sup>7</sup>

3  
4 **THE USE OF THE MISSOURI UNIVERSAL SERVICE FUND**

5  
6 **Q. WILL YOU PLEASE ADDRESS THE COMMENTS OF SWBT’s**  
7 **WITNESS, MR. CRAIG UNRUH RELATING TO LOCAL EXCHANGE**  
8 **SERVICE AND THE MoUSF?**

9 Q. Yes. First of all, the word “local” was inadvertently omitted from my Direct  
10 Testimony, on Page 22, as pointed out by Mr. Unruh.<sup>8</sup> However, the point of my  
11 Direct Testimony was to present an opinion that the Missouri Public Service  
12 Commission (MPSC) has the authority to “determine the definition of essential  
13 local telecommunications services”.<sup>9</sup> Currently, the definition of “essential local  
14 telecommunication services”, (Chapter 31, 4 CSR 240.31-010 (5)), is as follows:

15  
16 Essential local telecommunications services – two (2)-way switched voice  
17 residential service within a local calling scope as defined by the  
18 commission, comprised of the following services and their recurring  
19 charges:

20 (A) Single line residential service, including Touch-Tone dialing,  
21 and applicable mileage or zone charges;

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<sup>7</sup> See Page 14 of Ms. Barbara Meisenheimer’s Rebuttal Testimony in the Case, TR 2001-65.

<sup>8</sup> See Pages 5 and 6 of Mr. Unruh’s Rebuttal Testimony in this Case, TR 2001-65.

<sup>9</sup> See Section 392-248, Missouri Revised Statutes Paragraph 6 (1).

- 1 (B) Access to local emergency services including, but not limited  
2 to 911 service established by local authorities;  
3 (C) Access to basic local operator services;  
4 (D) Access to basic local directory assistance;  
5 (E) Standard intercept service;  
6 (F) Equal access to interexchange carriers (IXC) consistent with  
7 rules and regulations of the Federal Communications  
8 Commission (FCC);  
9 (G) One (1) standard white pages directory listing; and  
10 (H) Toll blocking or toll control for qualifying low-income  
11 customers.

12  
13 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR DIRECT TESTIMONY AS**  
14 **IT RELATES TO THE DEFINITION OF “ESSENTIAL LOCAL**  
15 **TELECOMMUNICATIONS SERVICE”.**

- 16 A. I believe that the MPSC, using item (F) above, “equal access to interexchange  
17 carriers” could determine that switched access services are included in the  
18 definition of “essential local telecommunications services”. This would allow the  
19 MPSC to include access services as part of MoUSF supported services, and thus  
20 allow the reductions to access services in any revenue neutral calculation. In this  
21 way, the access reductions would be eligible for MoUSF support, when, and if,  
22 available.

1 **Q. DO YOU PROPOSE THAT SUPPORT FROM THE MoUSF CAN BE**  
2 **USED TO COMPENSATE FOR THE LOSSES FROM A REDUCTION IN**  
3 **ACCESS RATES THAT MAY RESULT FROM THIS CASE?**

4 A. Yes, as a potential alternative to increasing basic local rates. Other States have  
5 implemented USF support and lowered access rates. In fact, Sprint's witness, Mr.  
6 Mark Harper, includes a chart that demonstrates the "correlation between  
7 intrastate access charges, local rates, and a state universal service fund"<sup>10</sup> for the  
8 Sprint-Midwest ILEC.

9  
10 Another alternative is for the MPSC to mirror the FCC's solution and implement  
11 a State SLC for the recovery of access costs, or more specifically, to replace the  
12 cost previously recovered by the CCL element.

13  
14 **Q. DO YOU BELIEVE THAT THE ULTIMATE PURPOSE OF THIS CASE**  
15 **IS TO LOWER ACCESS RATES FOR MISSOURI ILECs?**

16 A. I am not sure of the ultimate purpose in this case. The MPSC's Order, in this  
17 case, states: "That the Staff of the Missouri Public Service Commission shall  
18 gather, compile and analyze such information as is necessary and useful,  
19 including particularly the actual costs incurred, to examine all of the issues  
20 affecting exchange access service in order to establish a long-term solution which  
21 will result in just and reasonable rates for this service."<sup>11</sup>

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<sup>10</sup> See Page 11 of Mr. Harper's Rebuttal Testimony in this Case, TR 2001-65.

<sup>11</sup> See Page 3 of the MPSC's Order, in this case, TR 2001-65, effective August 18, 2000.



1 The phrases “actual costs incurred” and “just and reasonable rates” are key to this  
2 case. For many years the IXC’s have been complaining about the high access rates  
3 of the ILEC’s. In fact, in recent years some of the IXC’s have refused to serve in  
4 rural areas due to the “cost” of access services. Some regulators, in other  
5 jurisdictions, have heard their cry and have agreed to shift the cost of providing  
6 access services directly to the end user, whether they make a long distance call or  
7 not. For example, the FCC has increased the interstate SLC and will decrease the  
8 interstate Carrier Common Line (CCL) element to \$0.00. The KCC established  
9 its Kansas-USF to bring intrastate access rates into parity with the interstate  
10 access rates. This reduction to intrastate rates was made on a revenue neutral  
11 basis, with recovery of the loss in access revenue from the Kansas-USF and,  
12 initially, with an increase to basic local services. The regulatory pretext that has  
13 been used to shift recovery of costs to the end user, has sometimes been couched  
14 as “an examination of the costs” of access services, and/or the desire to promote  
15 “local competition”.

#### 16 17 **SWITCHED ACCESS COSTS AND RATES**

18  
19 **Q. SWBT’s WITNESS, MR. DAVID BARCH<sup>12</sup> REFERS TO YOUR DIRECT**  
20 **TESTIMONY IN WHICH YOU STATE THAT THE STAFF’s FULLY-**  
21 **DISTRIBUTED MODELS INCORPORATE AN APPROACH SIMILAR**

---

<sup>12</sup> See Page 18 of Mr. Barach’s Rebuttal Testimony in this Case, TR 2001-65.

1       **TO THE JURISDICTIONAL COST ALLOCATIONS IN PART 36/69**  
2       **COST STUDIES AND THEN ASKS IF THE RATES PRODUCED BY**  
3       **STAFF’S STUDIES ARE MORE ECONOMICALLY SOUND THAN**  
4       **RATES FROM LRIC. WHAT IS YOUR OPINION?**

5     A.   If the intent of the MPSC is to exclude the shared costs of the local loop from  
6       rates charged for access services, then the rates ultimately produced from LRIC  
7       serve this purpose, (as noted by Mr. Barch, LRIC provides an “effectual price  
8       floor”). However, the MPSC’s Order, in this Case, specifically states that the  
9       MPSC Staff should “compile and analyze .. data concerning the actual costs  
10      incurred .. to establish a long-term solution which will result in just and  
11      reasonable rates for this (access) service”.

12  
13      The only actual costs for the Small Telephone Company Group (STCG), Holway  
14      et al., and the Missouri Independent Telephone Group (MITG), that have been  
15      presented are contained in the Direct Testimony of Mr. Bob Schoonmaker. Some  
16      of the other parties (SWBT and Sprint) presented company specific, forward-  
17      looking cost models, that did not include costs for the local loop. The MPSC  
18      Staff’s witness, Dr. Ben Johnson, presented four models; Stand Alone, Pro Rata,  
19      Weighted and an incremental allocation (TRLRIC), but these cost models do not  
20      use actual costs, or specific data for each company, and include only part of the  
21      common costs.

1 In my opinion, the Part 36/69 cost allocation method, presented by Mr.  
2 Schoonmaker for Holway et.al., is the best measure of the actual costs and the  
3 most economically sound. The costs were based upon actual financial data and  
4 employed approved allocations that consider the shared use of the investment in  
5 telecommunications facilities.

6  
7 **Q. WHICH COST MODEL SHOULD THE MPSC ADOPT?**

8 A. I believe it is difficult to chose a “one size fits all” cost method, as the selection  
9 depends upon the goal of MPSC. The testimony in this case presents many  
10 arguments, both for and against, the various cost methods. Additionally, there are  
11 different rules for price-cap and rate-of-return regulated companies. In the final  
12 analysis, I believe that the Part 36/69 method, using actual costs, is the  
13 appropriate cost model for the rate-of-return regulated companies.

14  
15 **Q. ARE HOLWAY ET.AL.’s ACCESS RATES “JUST AND REASONABLE”?**

16 A. Yes. It is important to remember that the companies in the Holway, et.al group  
17 were recently reviewed by the MPSC Staff. Their existing rates were found to be  
18 “just and reasonable” and accepted by the MPSC in Cases TT 2001-115, TT  
19 2001-116, TT 2001-119 and TT 2001-120. In addition, if Staff’s Stand Alone  
20 rates are the price ceiling, and the TSLRIC rates are the price floor, the existing  
21 rates of Holway et.al. are within the range of the rates produced by Staff’s cost  
22 models. Holway et.al.’s existing rates are also supported by cost information  
23 presented by Mr. Schoonmaker. (Please refer to Confidential Schedule WJW-2,

1 Revised for Rebuttal Testimony.) Therefore, I believe the cost models, presented  
2 in this case, support the current access rates of Holway, et.al.  
3

4 **Q. MS. MEISENHEIMER, WITNESS FOR OPC, STRONGLY DISAGREES**  
5 **WITH YOUR “PROPOSAL THAT ILECS SHOULD BE ALLOWED TO**  
6 **IMPLEMENT REVENUE NEUTRAL ACCESS RATE ADJUSTMENTS**  
7 **BASED ON THEIR CHOICE OF MODEL RESULTS IN THIS**  
8 **PROCEEDING”.<sup>13</sup> IS THIS YOUR PROPOSAL?**

9 A. My Direct Testimony, on Page 17, stated that “the cost models and study results  
10 presented in this proceeding actually tend to support the existing access rates of  
11 the ILECs in Missouri. I believe the existing access rates should be maintained at  
12 the option of the ILECs. For those LECs who want to adopt access rates based on  
13 the studies of BJA and the STCG, I recommend that those ILECs be permitted to  
14 implement those changes on a revenue neutral basis.”  
15

16 The intent of my Direct Testimony was to present the fact that Holway’s et.al  
17 access rates are currently within the range of the Staff’s cost models, and the cost  
18 information from STCG. In addition, previously filed Schedule WJW-2 indicates,  
19 for the most part, that the STCG, Holway et al., and the MITG current access  
20 rates are within this range. The MPSC may decide that because the current rates  
21 are within these ranges, companies may not be required to revise access rates.  
22 However, circumstances may exist where an ILEC has reason to revise its access

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<sup>13</sup> See Page 10 of Ms. Meisenheimer’s Rebuttal testimony in this Case, TR 2001-65.

1 rates, and, if that is consistent with the goals of the MPSC, then that ILEC should  
2 be provided the opportunity to do so, on a revenue neutral basis.

3  
4 **SUMMARY AND CONCLUSION**  
5

6 **Q. WILL YOU PLEASE SUMMARIZE YOUR TESTIMONY?**

7 A. Yes. Basically, the MPSC must decide which cost model, or models, to adopt. If  
8 the MPSC chooses a model, such as those supported by SWBT and Sprint, then  
9 Holway et.al will have a sizeable revenue loss. The MPSC must determine how  
10 the revenue losses will be recovered. Will revenue neutrality be obtained with an  
11 increase in local; and/or through support from the MoUSF; and/or with  
12 implementation of a state SLC? Holway et.al asks that the MPSC consider  
13 providing some benefit to the consumer, such as local expanded calling, if basic  
14 local rates are increased to offset access reductions. In any event, revisions to  
15 access rates should be implemented on a revenue neutral basis. Finally, Holway  
16 et.al.'s existing access rates are lawful, just and reasonable.

17  
18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 A. Yes, it does.