2009.07.02 15:06:44 Kansas Corporation Commission /S/ Susan K. Duffy

BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

STATE CORPORATION COMMISSION

•	JUL 0	2 2009
IN THE MATTER OF THE)	
AMENDED APPLICATION OF BIG	Susan ?	tallyfor
RIVER TELEPHONE COMPANY,)	
LLC FOR A CERTIFICATE OF)	•
CONVENIENCE AND AUTHORITY) Docket No. 09-BGRT-213-ETC	
TO PROVIDE LOCAL EXCHANGE)	Filed
AND EXCHANGE ACCESS)	January 16, 2013
SERVICES IN CERTAIN RURAL)	Data Center
AREAS WITHIN THE STATE OF)	Missouri Public
KANSAS AND TO BE DESIGNATED)	Service Commission
AS AN ELIGIBLE)	
TELECOMMUNICATIONS)	
CARRIER.)	

Rebuttal Testimony of Gerard J. Howe on behalf of Big River Telephone Company, LLC

July 2, 2009

Date 1-08-3 Reporter 44
File No+C-2012-028-1

PRE-FILED REBUTTAL TESTIMONY OF GERARD J. HOWE

1	Q.	PLEASE STATE YOUR NAME.
2	A.	My name is Gerard J. Howe.
3	Q.	DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS
4		PROCEEDING?
5	A.	Yes.
6	Q.	WHAT IS THE PURPOSE FOR THIS REBUTTAL TESTIMONY?
7	A.	The purpose of my testimony is to respond to certain issues raised in the testimony of
8		staff witness Christine Aarnes and the RLECs' witness Paul Cooper. I believe my
9		testimony will show in no uncertain terms, that Big River meets the requirements for
10		ETC designation and that providing Big River with a certificate of convenience and
11		authority to provide local exchange and exchange access services in the service
12		territory of Golden Belt Telephone Association, Inc., Home Telephone Company, Inc.,
13		Rural Telephone Service Company, Inc., Tri-County Telephone Association, Inc., and
14		Twin Valley Telephone Inc. ("Golden Belt et al." or "RLECs") is in the public interest
15	Q.	WHAT ISSUE, OR ISSUES, IN STAFF WITNESS AARNES' TESTIMONY
16		WILL YOU ADDRESS?
17	A.	In staff witness Aarnes' testimony (page 21, line 12), she suggested that the
8		Commission require Big River to provide the estimated impact (in dollars) that
19		approval of Big River's application would have on the FUSF and the KUSF. I have

- calculated the estimated impact to both funds. The estimated impact to 2010 and 2011
- 2 FUSF and KUSF funds are shown in Exhibit C to my direct testimony.

3 Q. HOW WERE YOUR ESTIMATES CALCULATED?

13

14

4 A. First of all, I estimated the number of lines we anticipate to serve where we will be 5 eligible for USF support funds. These lines are limited to those areas where we are not reselling services of any of the RLECs. Based on Big River's experience in gaining 6 7 market share in areas served by other rural independent telephone companies, we 8 estimate that we will accumulate a total of 335 lines by the end of 2010 and 656 lines 9 by the end of 2011. I then used the current KUSF and FUSF rate for each respective 10 RLEC study area to calculate the subsidy. As shown in Exhibit C to my direct 11 testimony, I netted out the federal USF support from the Kansas USF support 12 calculation, where appropriate.

Q. HOW MUCH OF AN IMPACT IS BIG RIVER'S SUPPORT AMOUNT COMPARED TO THE ENTIRE KUSF?

15 As shown in Exhibit C, the 2011 annual impact to the KUSF from designating Big A. 16 River as an ETC will be \$53,188. To put that in perspective, the total amount to be 17 paid out in support in the current plan year is \$50,450,475, see docket 09-GIMT-272-18 GIT. (This information is also available on the Commission's website at 19 http://www.kcc.state.ks.us/telecom/kusfcomm2.htm). Thus, Big River's annual support 20 amount will be 0.11% of the current annual support provided to ETCs. Further, the 21 Commission has previously designated ETC status to competitive carriers whose 22 annual impact on the KUSF is greater than the projected impact of Big River.

1	Specifically, Nex-Tech Wireless was granted ETC status for participation in the KUSF
2	in docket 07-NTHT-360-ETC. The estimated support Nex-Tech Wireless will receive
3	in the current plan year is \$3,077,837, about 58 times the projected annual support for
4	Big River.

Relative to the revenue base to which the KUSF fee is assessed, which is projected to be \$1,232,776,395 for the current plan year, Big River's annual support amount will be 0.004%. Big River's impact will be limited to only affecting the rounding of the KUSF rate which is set to a precision of a hundredth of a percentage point.

9 Big River's impact to the KUSF, as insignificant as it is, will not affect the viability of the fund.

Q. CAN YOU QUANTIFY THE IMPACT OF BIG RIVER'S PARTICIPATION IN THE FEDERAL USF FUND?

A. Yes. As pointed out by Ms. Aarnes and Mr. Cooper, the FCC capped the subsidy to CETCs based on March 2008 levels. Therefore, Big River's participation in the federal program will place no additional demands on the fund nor will it impact the support amounts paid to incumbent telephone companies. The FCC capped the amount for CETCs in the state of Kansas at \$7,155,178 per month, or \$85,862,136 annually. This information can be found on the Universal Service Administrative Company website at:

http://www.usac.org/ res/documents/hc/xts/CETC%20Cap%20%20March%202008%20Baseline%20Report%2011-25-08.xls

As shown on Exhibit C of my direct testimony, Big River's annual support amount from the FUSF is projected to be \$503,594 for the year 2011, six/tenths of one percent (0.6%) of the annual amount distributed to Kansas CETCs.

1	Contrary to Mr. Cooper's opinion regarding the effect of Big River's participation in
2	the federal program, Big River's impact will be smaller than the annual impact of the
3	additional lines reported by the existing Kansas CETCs. When the cap was set in
4	March of 2008, the number of supported CETC lines in the state of Kansas was 98,404
5	Those lines were spread across 12 CETC designated companies. By March of 2009,
6	the number of supported lines reported by those same companies was 107,898
7	reflecting an increase of 9,494 lines, or a 9.6% increase. The increase in supported
8	lines by the existing CETCs in the past year is over 14 times the estimated impact of
9	Big River's participation in the federal program.
10	Under no standard can Big River's designation as an ETC be considered a burden or a
11	threat to the viability to either the KUSF or the FUSF.

- 12 Q. STAFF WITNESS AARNES ALSO MADE A RECOMMENDED CHANGE TO
 13 BIG RIVER'S PROPOSED LANGUAGE FOR USE IN ITS UNIVERSAL
 14 SERVICE ADVERTISEMENTS. DO YOU HAVE ANY COMMENTS ON HER
 15 RECOMMENDED CHANGES?
- 16 A. Yes, we will use the language proposed by Ms. Aarnes.

Q. WHAT ISSUES WILL YOU ADDRESS FROM MR. COOPER'S TESTIMONY? Mr. Cooper wrongly asserted that the Commission would not have oversight or power to regulate Big River, specifically with regard to just and reasonable rates and quality services. In fact, the Commission has considerable oversight to assure Big River charges just and reasonable rates and provides quality services, and it has the authority to include additional requirements as a condition of ETC designation. This authority

1		over CETCs has been used by the Commission to require CETCs to use its support
2	ř	funds for the intended purposes and to certify that the funds have been used as such.
3		Language achieving this purpose has been included in the Commission orders in the
4		dockets certifying RCC Minnesota, Inc. and Nex-Tech Wireless, Inc., among others.
_		
5		In addition, to allay any concerns regarding adequate oversight on just and reasonable
6		rates, Big River will file a tariff to cover the services it provides pursuant to our
7		certificate in these expanded areas.
8	ï	With regard to the Commission's oversight of Big River's level of quality of service,
9		we concur in staff witness Aarnes' position that Big River will be subject to the
10		Commission's reporting requirements that were adopted in Docket 95-GIMT-047-GIT
11		and any other quality of service standards that may be adopted by the Commission in
12		the future.
13	Q.	MR. COOPER INDICATED THAT HE WAS NOT SURE WHETHER BIG
14		RIVER WOULD PROVIDE THE SUPPORTED SERVICES WITHOUT A
15		REQUIREMENT TO PURCHASE ADDITIONAL SERVICES FROM EAGLE.
16		CAN YOU CLARIFY THIS POINT?
17	A.	Yes, although this was apparent from our application and from my testimony.
18		However, I will reiterate our position as clearly as possible. Big River will not require
19		any customers to purchase any services from Eagle as a requirement to purchase the
20		supported services from Big River.

As I indicated in my direct testimony, Big River will be offering services across the entire RLEC service territories and in many cases where Eagle Communications does not have any facilities and does not provide service. So, it would be absurd for Big River to require customers in those areas to purchase Eagle's services where they are not available. Further, Big River offers the services described in our application and in my direct testimony on a standalone basis without any requirement to purchase any other services from our cable partner, even when using that cable network.

8 Q. ARE THERE ANY OTHER ISSUES YOU INTEND TO ADDRESS FROM MR.

COOPER'S TESTIMONY?

A. Yes. Mr. Cooper, when reviewing the Commission's guidelines for entry to the territory of rural companies reviewed one guideline that I did not specifically delineate in my direct testimony despite the fact that I addressed the issue. Per the Order on Reconsideration in Docket 94-GIMT-478-GIT, the Commission added an additional guideline for rural entry to the list they outlined in the Commission's initial order in that case. The additional guideline requires new entrants to provide, operate and maintain high capacity facilities and service to schools, medical facilities and libraries.

Q. DOES BIG RIVER MEET THE GUIDELINE FOR PROVIDING HIGH

CAPACITY FACILITES TO SCHOOLS, MEDICAL FACILITIES AND

LIBRARIES?

A. Yes. Since Big River uses Voice Over IP as the essential technology to access customers, Big River is capable of using any broadband Internet or data connection to a customer premise and using it to support high capacity voice services. As indicated in

Big River's response to staff's data request 9.3 and in my direct testimony, Big River has extensive experience in providing services to schools, libraries and medical facilities using this technological approach. Again, by the very nature of Big River's service strategy and network, our connections to customers are made using high capacity, broadband facilities. Big River will use Eagle's broadband network or that of another network provider, including possibly using the high capacity facilities of the RLECs to provide, operate and maintain high capacity facilities and services.

Regardless of the medium, i.e. fiber, wireless, hybrid fiber-coax or DSL, Big River can support high capacity facilities to serve these sorts of institutions.

A.

Q. MR. COOPER SAYS THAT BIG RIVER DOES NOT HAVE FACILITIES

CAPABLE OF PROVIDING HIGH CAPACITY SERVICES TO SCHOOLS,

MEDICAL FACILITIES AND LIBRARIES IN THE RLECS' SERVICE

AREAS. IS THAT TRUE?

No. It appears that Mr. Cooper has imposed his own requirement that such facilities must be owned by Big River and that the facilities need be in place before Big River receives certification. First, it appears that his definition of ownership is consistent with that argued by the RLECs in their Motion for Dismissal which Big River adequately addressed in our response to their Motion. For those same reasons, his self-imposed requirement of ownership is unfounded. Second, he suggests that Big River must have the facilities in place before we receive certification. It is my understanding that, legally, we are not required to have those facilities in place until after a reasonable time after certification is granted. And, finally, we do have high capacity facilities in

1		place to serve these institutions through our agreement with Eagle, we are just waiting
2		for certification to use those facilities to provide the supported services.
3	Q,	THROUGH MR. COOPER'S TESTIMONY AND THEIR MOTION TO
4		DISMISS, THE RLECS CONTEND THAT BIG RIVER HAS NOT MADE A
5		BONA FIDE REQUEST TO NEGOTIATE INTERCONNECTION
6		AGREEMENTS. CAN YOU SHED ANY LIGHT ON THIS?
7	A.	Certainly. As indicated in my direct testimony, we made bona fide requests for
8		negotiations to each of the RLECs in this case and the record of those requests was
9		provided to the Commission staff and was included in Ms. Aarnes' testimony.
10		While the RLECs may have no prior experience of receiving bona fide requests or
11		negotiating interconnection agreements, Big River has an extensive history of
12		providing bona fide requests for negotiations to rural telephone companies and has
13		successfully negotiated interconnection agreements as a result of those requests.
14		Again, I would point to the 17 rural independent companies listed in Exhibit A to my
15		direct testimony.
16		While we disagree with the assertion that we failed to submit bona fide requests, in an
17		effort to move the negotiating process along, we sent new requests to each of the
18		RLECs on June 26, 2009. A copy of each of those requests is attached as Exhibit A
19		through E of this testimony. In these letters, we have again requested the RLECs to
20		negotiate interconnection agreements that will allow for interconnecting our networks
21		exchanging traffic and for the resale of the RLEC's service by Big River, across the

RLEC's entire service territory. If the RLECs continue to refuse to enter good faith negotiations, we will seek mediation and/or arbitration from the Commission when appropriate.

Q. SHOULD THE RURAL EXEMPTION BE LIFTED FOR THE RLECS?

A.

Yes, I believe that the Commission has more than sufficient evidence to terminate the exemption. In my direct testimony, I provided evidence to show; i) that the RLECs were provided a bona fide request to negotiate an interconnection agreement, ii) that removal of the exemption will not cause an economic burden on the RLECs, iii) that interconnection is technically feasible, and iv) that the removal of the rural exemption is consistent with Section 254 of the Federal Telecom Act.

Staff witness Aarnes agreed with that assessment on all accounts (Aarnes Direct page 34, lines 5-7, page 35, lines 14-18, and page 39, lines 1-5). Ms. Aarnes did acknowledge that the RLECs refused to provide information in response to staff's data requests relative to these issues and that the RLECs were scheduled to file testimony contemporaneously with hers. However, I found no evidence in RLEC witness Cooper's testimony that refuted my direct testimony or that of staff witness Aarnes.

While Mr. Cooper did not provide any evidence to support the upholding of the rural exemption, the fact that he addressed the issue at all was inconsistent with the statements made by the RLECs' attorneys at the prehearing conference held on April 23, 2009. At the prehearing conference, Messrs. Gleason and Caplinger said that they would not be asserting the rural exemption and that it was not an issue in this case.

Rather, they stated that the issue in this case was the alleged inability of Big River to

- meet the requirements to be certified in the service territory of the RLECs. As a result
 of their statements, Big River agreed not to pursue a motion to compel production of
 information responsive to certain of Big River's data requests which addressed the rural
 exemption issue.
- 5 Q. DOES THAT CONCLUDE YOUR TESTIMONY?
- 6 A. Yes.

STATE OF MISSOURI)		
COUNTY OF ST. LOUIS) SS:	SS:	
	VERIFICATION		
Gerard J. Howe, being duly swo	rn upon his oath deposes and	states	

Gerard J. Howe, being duly sworn upon his oath deposes and states that he is the Chief Executive Officer of Big River Telephone Company, LLC, that he has read and is familiar with the foregoing, Rebuttal Testimony, and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Gerard J. Howe

Subscribed and sworn to before me on this _____ Day of July, 2009.

Notary Public

My commission expires:

10-28-12



New Bona Fide Request to Golden Belt Telephone Association, Inc.



24 So, Minnesota Ave. Cape Girardeau, 31O 63703 Office (573) 651-3373 • Fax (573) 651-3605

June 26, 2009

VIA UPS

Gerald Washburn Golden Belt Telephone Association, Inc. 103 Lincoln Rush Center, Kansas 67575

Re: Negotiation of Interconnection Agreement

Dear Mr. Washburn,

On August 22, 2008, Big River Telephone Company, LLC ("Big River"), made a written request that Golden Belt Telephone Association, Inc. ("Golden Belt") promptly join in good faith negotiations to establish an interconnection agreement effective in Golden Belt's incumbent service territory in the state of Kansas. Golden Belt refused and has taken the position that Big River's prior correspondence was not a bona fide request. Big River disagrees with Golden Belt's characterization of the prior request. However, in the spirit of compromise, Big River submits this bona fide request for interconnection to Golden Belt pursuant to Sections 251(a), (b) and (c) of the Telecommunications Act ("Telecom Act" or "Act").

Our intent, consistent with the position we have articulated in KCC Docket 09-BGRT-213-ETC is to negotiate an agreement that allows for interconnecting our networks, exchanging traffic and for the resale of Golden Belt's service, by Big River, across Golden Belt's entire service territory. We have negotiated numerous interconnection agreements with similar such arrangements with rural telephone companies in many other states. There may be other ancillary issues that may also be necessary to negotiate, not outlined here, that may be identified during the course of our negotiations.

Please contact me to schedule a time for the initial meeting. I can be reached at (314) 225-2203 or via c-mail at ihowe@bigrivertelephone.com.

Sincerely,

Gerard J. Howe

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New Bona Fide Request to Home Telephone Company, Inc.



24 So. Minnesota Ave. Cape Girardeau, MO 63703 Office (573) 651-3373 • Fax (573) 651-3605

June 26, 2009

VIA UPS

Ms. Carla Shearer Home Telephone Company, Inc. 211 S. Main Galva, Kansas 67443

Re: Negotiation of Interconnection Agreement

Dear Ms. Shearer,

On August 18, 2008, Big River Telephone Company, LLC ("Big River"), made a written request that Home Telephone Company, Inc. ("Home Telephone") promptly join in good faith negotiations to establish an interconnection agreement effective in Home Telephone's incumbent service territory in the state of Kansas. Home Telephone refused and has taken the position that Big River's prior correspondence was not a bona fide request. Big River disagrees with Home Telephone's characterization of the prior request. However, in the spirit of compromise, Big River submits this bona fide request for interconnection to Home Telephone pursuant to Sections 251(a), (b) and (c) of the Telecommunications Act ("Telecom Act" or "Act").

Our intent, consistent with the position we have articulated in KCC Docket 09-BGRT-213-ETC is to negotiate an agreement that allows for interconnecting our networks, exchanging traffic and for the resale of Home Telephone's service, by Big River, across Home Telephone's entire service territory. We have negotiated numerous interconnection agreements with similar such arrangements with rural telephone companies in many other states. There may be other ancillary issues that may also be necessary to negotiate, not outlined here, that may be identified during the course of our negotiations.

Please contact me to schedule a time for the initial meeting. I can be reached at (314) 225-2203 or via e-mail at ihowe@bigrivertelephone.com.

Sincerely.

Gerard J. Howe

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New Bona Fide Request to Rural Telephone Service Company, Inc.



24 Se. Minnesota Ave. Cape Girardeau, MO 63763 Office (573) 651-3373 * Fax (573) 651-3605

June 26, 2009

VIA UPS

Ms. Rhonda Goddard Rural Telephone Service Company, Inc. 145 N. Main Lenora, KS 67645

Re: Negotiation of Interconnection Agreement

Dear Ms. Goddard,

Big River submits this bona fide request for interconnection to Rural Telephone Service Company, Inc. ("Rural Telephone" or "Rural") pursuant to Sections 251(a), (b) and (c) of the Telecommunications Act ("Telecom Act" or "Act"). Our current interconnection agreement is limited to only a few rate centers and does not allow for the resale of Rural's telecommunications services. Our intent, consistent with the position we have articulated in KCC Docket 09-BGRT-213-ETC is to negotiate an agreement that allows for interconnecting our networks, exchanging traffic and for the resale of Rural Telephone's service, by Big River, across Rural Telephone's entire service territory. We have negotiated numerous interconnection agreements with similar such arrangements with rural telephone companies in many other states. Some ancillary issues that may need to be addressed, not outlined here, may be identified during the course of our negotiations.

Section 252 of the Act sets forth the specific timeline for the negotiation and approval process. It is Big River's position that this letter commences the process set forth in the Act. Because we are delivering this letter to you today, June 26, 2009, we are deeming June 29, 2009, to be the date upon which you receive this request. Accordingly, the first day of the arbitration window will be November 11, 2009, and the last day will be December 6, 2009.

I propose we begin negotiations with an initial teleconference sometime during the week of July 6, 2009. In that first meeting, I propose we discuss a general plan for the negotiating process and establish a tentative schedule or timeline. We understand that we have not yet received certification to operate in these areas. We note however that FCC rules regarding good faith negotiations specifically prohibit an incumbent local exchange company from conditioning

negotiation on a requesting telecommunications carrier first obtaining state certifications (47 C. F. R. § 51.301(c)(4)).

Please contact me to schedule a time for the initial meeting. I can be reached at (314) 225-2203 or via e-mail at jhowe@bigrivertelephone.com.

Sincerely,

Gerard J. Howe

New Bona Fide Request to Tri-County Telephone Association, Inc.



24 So. Minnesota Ave. Cape Girardeau, MO 63703 Office (573) 651-3373 • Fax (573) 651-3605

June 26, 2009

VIA UPS

Mr. Dale Jones Tri-County Telephone Association, Inc. 1568 South 1000 Rd. Council Grove, KS 66846

Re: Negotiation of Interconnection Agreement

Dear Mr. Jones.

On June 24, 2008, Big River Telephone Company, LLC ("Big River"), made a written request that Tri-County Telephone Association, Inc. ("Tri-County") promptly join in good faith negotiations to establish an interconnection agreement effective in Tri-County's incumbent service territory in the state of Kansas. Tri-County refused and has taken the position that Big River's prior correspondence was not a bona fide request. Big River disagrees with Tri-County's characterization of the prior request. However, in the spirit of compromise, Big River submits this bona fide request for interconnection to Tri-County pursuant to Sections 251(a), (b) and (c) of the Telecommunications Act ("Telecom Act" or "Act").

Our intent, consistent with the position we have articulated in KCC Docket 09-BGRT-213-ETC is to negotiate an agreement that allows for interconnecting our networks, exchanging traffic and for the resale of Tri-County's service, by Big River, across Tri-County's entire service territory. We have negotiated numerous interconnection agreements with similar such arrangements with rural telephone companies in many other states. There may be other ancillary issues that may also be necessary to negotiate, not outlined here, that may be identified during the course of our negotiations.

Please contact me to schedule a time for the initial meeting. I can be reached at (314) 225-2203 or via e-mail at jhowe@bigrivertelephone.com.

Sincerely,

Gerard J. Howe

Sead J-House

New Bona Fide Request to Twin Valley Telephone, Inc.



24 So. Minnesota Ave. Cape Girardeau, MO 63703 Office (573) 651-3373 + Fax (573) 651-3605

June 26, 2009

VIA UPS

Michael Foster Twin Valley Telephone, Inc. 22 W. Spruce Miltonvale, KS 67466

Re: Negotiation of Interconnection Agreement

Dear Mr. Foster.

On June 6, 2008, Big River Telephone Company, LLC ("Big River"), made a written request to Twin Valley Telephone, Inc. ("Twin Valley") to promptly join in good faith negotiations to establish an interconnection agreement effective in Twin Valley's incumbent service territory in the state of Kansas. Twin Valley has refused and has taken the position that Big River's prior correspondence was not a bona fide request. Big River disagrees with Twin Valley's characterization of the prior request. However, in the spirit of compromise, Big River submits this bona fide request for interconnection to Twin Valley pursuant to Sections 251(a), (b) and (c) of the Telecommunications Act ("Telecom Act").

Our intent, consistent with the position we have articulated in KCC Docket 09-BGRT-213-ETC is to negotiate an agreement that allows for interconnecting our networks, exchanging traffic and for the resale of Twin Valley's service, by Big River, across Twin Valley's entire service territory. We have negotiated numerous interconnection agreements with similar such arrangements with rural telephone companies in many other states. There may be other ancillary issues that may also be necessary to negotiate, not outlined here, that may be identified during the course of our negotiations.

Please contact me to schedule a time for the initial meeting. I can be reached at (314) 225-2203 or via e-mail at initialmeeting. I can be reached at (314) 225-2203 or via e-mail at initialmeeting. I can be reached at (314) 225-2203 or via e-mail at initialmeeting. I can be reached at (314) 225-2203 or via e-mailt at initialmeeting. I can be reached at (314) 225-2203 or via e-mailt at initialmeeting. I can be reached at (314) 225-2203 or via e-mailt at initialmeeting. I can be reached at (314) 225-2203 or via e-mailt at initialmeeting. I can be reached at (314) 225-2203 or via e-mailt at initialmeeting. I can be reached at (314) 225-2203 or via e-mailt at initialmeeting. I can be reached at initialmeeting. I can be re

Sincerely,

Gerard J. Howe