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DEC 26 2000

Missouri Public  
Service Commission

Exhibit No.: \_\_\_\_\_

Issue: Access Tariff Revisions

Witness: Robert C. Schoonmaker

Type of Exhibit: Direct Testimony

Sponsoring Party: Ozark Telephone Company

Case No.: TT-2000-

Date: August 23, 2000

RECEIPT COPY

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>2</sup>

AUG 23 2000

Missouri Public  
Service Commission

In the Matter of the tariff filing of  
Ozark Telephone Company

) Case No. TT-2000- 117

AFFIDAVIT OF ROBERT C. SCHOONMAKER

Robert C. Schoonmaker, of lawful age, being duly sworn, deposes and states as follows:

1. My name is Robert C. Schoonmaker. I am employed by GVNW Consulting, Inc. as a Vice President.
2. Attached hereto and made a part hereof for all purposes is my direct testimony with accompanying schedules.
3. I hereby 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 and that the information contained in the attached schedules is also true and correct to the best of my knowledge and belief.



Robert C. Schoonmaker

Subscribed and sworn to before me this 22d day of August, 2000.

 Notary Public

My Commission expires: 10/25/2003

DIRECT TESTIMONY OF ROBERT C. SCHOONMAKER

Q. Would you please state your name and address.

A. My name is Robert C. Schoonmaker. My business address is 2270 La Montana Way, Colorado Springs, Colorado 80918.

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

A. I am a Vice President of GVNW Consulting, Inc., a consulting firm specializing in working with small telephone companies.

Q. Would you please outline your educational background and business experience.

A. I obtained my Masters of Accountancy degree from Brigham Young University in 1973 and joined GTE Corporation in June of that year. After serving in several positions in the revenue and accounting areas of GTE Service Corporation and General Telephone Company of Illinois, I was appointed Director of Revenue and Earnings of General Telephone Company of Illinois in May, 1977 and continued in that position until March, 1981. In September, 1980, I also assumed the same responsibilities for General Telephone Company of Wisconsin. In March, 1981, I was appointed Director of General Telephone Company of Michigan and in August, 1981 was elected Controller of that company and General Telephone Company of Indiana, Inc. In May, 1982, I was elected Vice President-Revenue Requirements of General Telephone Company of the Midwest. In July, 1984, I assumed the position of Regional Manager of GVNW Inc./Management (the predecessor company to GVNW Consulting, Inc.) and was later promoted to my

1 present position of Vice President. I have served in this position since that time  
2 except for the period between December 1988 and November, 1989 when I left  
3 GVNW to serve as Vice President-Finance of Fidelity and Bourbeuse Telephone  
4 Companies.

5  
6 Q. What are your responsibilities in your present position?

7 A. In my current position, I consult with independent telephone companies and  
8 provide financial analysis and management advice in areas of concern to these  
9 companies. Specific activities which I perform for client companies include  
10 regulatory analysis, consultation on regulatory policy, financial analysis, business  
11 planning, rate design and tariff matters, interconnection agreement analysis, and  
12 general management consulting.

13  
14 Q. Have you previously testified in regulatory proceedings?

15 A. Yes, I have testified on regulatory policy, local competition, rate design,  
16 accounting, compensation, tariff, interconnection agreements, and separations  
17 related issues before the Illinois Commerce Commission, the Public Service  
18 Commission of Wisconsin, the Michigan Public Service Commission, the Iowa  
19 Utilities Board, the Tennessee Public Service Commission, and the Missouri  
20 Public Service Commission. In addition, I have filed written comments on behalf  
21 of our firm on a number of issues with the Federal Communications Commission  
22 and have testified before the Federal-State Joint Board in CC Docket #96-45 on  
23 Universal Service issues.

1

2 Q. Who are you representing in this proceeding?

3 A. I am representing Ozark Telephone Company.

4

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

6 A. The purpose of my direct testimony is to support a revision to the Company's  
7 intrastate access tariff which is being filed in conjunction with this testimony.  
8 Essentially, the revision seeks to eliminate the "interim, subject to refund"  
9 provision which currently exists with regard to the Company's intrastate access  
10 carrier common line (CCL) rate.

11

12 Q Please identify any schedules you are sponsoring?

13 A. I am sponsoring the following schedules:

14 Schedule RCS-1 – The Company's current tariff sheet containing the "interim,  
15 subject to refund" language.

16 Schedule RCS-2 – Analysis of Revenue Impacts of Interim Rates

17 Schedule RCS-3(P)– Analysis of the Company's Post-PTC Earnings Level

18

19 Q. Were these schedules prepared by you or under your direct supervision?

20 A. Schedules RCS-1 and 2 were prepared by me or under my supervision. I did not  
21 prepare Schedule RCS-3(P), but have included an earnings analysis previously  
22 filed with the Commission and prepared by another party.

23

1 Q. Please explain the tariff revision that the Company is proposing and the reason for  
2 this revision.

3 A. On July 22, 1999, the Company implemented intraLATA dialing parity (ILDLP).  
4 On October 20, 1999, pursuant to orders of the Commission in Cases No. TO-99-  
5 519 and TO-99-254, the company terminated the Primary Toll Carrier Plan and  
6 completed assignments of individual customers to a new intraLATA carrier either  
7 pursuant to the customer's choice or to the default options contained in the  
8 Commission's orders. At that time the Company was given the option to file  
9 revisions to its intrastate access rates in order to maintain revenue neutrality as a  
10 result of the elimination of the PTC Plan. The Company took advantage of this  
11 option and on October 21, 1999, implemented revised intrastate access CCL rates  
12 to recover some, but not all, of the revenue shortfall it anticipated experiencing as  
13 a result of the elimination of the PTC Plan. In accordance with the Commission's  
14 Orders eliminating the PTC Plan and approving the Company's ILDP Plan, the  
15 Company implemented the revised CCL rates on an "interim, subject to refund"  
16 basis. A copy of the current access tariff sheet containing this "interim, subject to  
17 refund" condition is attached hereto as Schedule RCS-1. The Company has now  
18 obtained the necessary data which indicates that with the implementation of the  
19 revised intrastate access rates it has not received more intrastate access revenues  
20 after the elimination of the PTC Plan than it received prior to elimination of the  
21 PTC Plan. Accordingly, the Company seeks, in this filing, to simply eliminate the  
22 "interim, subject to refund" language.

1 Q. Please describe the analysis you performed to determine that the Company's post-  
2 PTC Plan revenues do not exceed its pre-PTC Plan revenues.

3 A. I first examined the six-month carrier access billing (CABs) billing period prior to  
4 the implementation of intraLATA dialing parity. This encompassed the period  
5 from January 16, 1999 through July 15, 1999. This information was derived from  
6 CABs statements issued to intrastate interexchange carriers (IXCs) and the former  
7 Primary Toll Carriers (PTCs) for the March through August, 1999 CABs billing  
8 statements. Revenues for this period were calculated using the access and billing  
9 and collecting rates that were effective during that time period. I then analyzed  
10 the six month period from October 16, 1999 through April 15, 2000 to determine  
11 the amount of intrastate access and billing and collecting revenues billed in the  
12 period after the PTC Plan had been terminated. Again, this information was taken  
13 from CABs statements issued to intrastate IXCs for the CABs invoices from  
14 December, 1999 through May, 2000. Rates used to derive the revenues in this  
15 portion of the analysis reflect the rates effective after termination of the PTC plan  
16 including the revised CCL rates that the Company filed on an "interim, subject to  
17 refund" basis. The period between July 16, 1999 and October 15, 1999 was  
18 excluded from the analysis because during this period some, but not all of the  
19 changes related to ILDP implementation and termination of the PTC plan had  
20 been implemented. This analysis is presented as Schedule RCS-2 attached to my  
21 testimony.

1 Q. What did the results of your analysis, as depicted by Schedule RCS-2,  
2 demonstrate?

3 A. The analysis demonstrates that the revenues (intrastate access and billing and  
4 collecting revenues) in the period after implementation of the PTC plan for the  
5 Company were less than those in the period prior to implementation of ILDP by  
6 \$41,523. Since these revenues are less than the prior revenues, Schedule RCS-2  
7 demonstrates that the Company has not exceeded a revenue neutral position in  
8 comparison to revenues prior to the regulatory changes required by the  
9 Commission and therefore, no refund is due from the interim rates. As can be  
10 seen, the Company is experiencing less revenues in the post-PTC environment  
11 even after making the revenue neutral adjustment tariff filing.

12  
13 Q. Do you consider the Company's tariff filing to be a request for a general rate  
14 increase?

15 A. No. The Company's filing simply seeks to make permanent the interim rates it  
16 has charged since October 21, 1999. The Commission rules define a general rate  
17 increase request as one where the Company or utility files for an overall increase  
18 in revenues through a Company-wide increase in rates for the utility service it  
19 provides (4 CSR 240-10.070(2)). In this case, the Company's revenue neutral  
20 filing did not seek to increase its overall revenues and, in fact, as previously  
21 demonstrated, the Company's interim rates did not produce revenues after  
22 elimination of the PTC Plan that exceeded revenues experienced prior to  
23 elimination of the PTC Plan. This tariff filing simply seeks to eliminate the

1 "interim, subject to refund" language from the tariff and maintain the rates that  
2 have been in effect since October, 1999. It is important to note that those interim  
3 rates did not result in an "overall increase in revenues" to the Company.  
4

5 Q. Have you, nevertheless, prepared a revenue requirement analysis for the  
6 Company?

7 A. Yes. While the Company does not believe it is appropriate to engage in an  
8 earnings analysis to determine whether or not it is entitled to maintain revenue  
9 neutrality as a result of elimination of the PTC Plan, I am including revenue  
10 requirement analysis which provides the Commission with the earnings  
11 information required by its order in the PTC Plan case. This analysis reflects an  
12 analysis of the Company's earnings for the twelve months ending September 30,  
13 1999 and thus does not reflect the \$41,523 revenue reduction resulting from  
14 termination of the PTC plan. The analysis was previously filed with the  
15 Commission on December 29, 1999 in Case No. TM-95-134/TO-93-309.  
16

17 Q. Does that complete your direct testimony?

18 A. Yes.  
19



OZARK TELEPHONE COMPANY

P.S.C. MO. NO. 2  
 2<sup>ND</sup> Revised Sheet 313  
 Cancels 1st Revised Sheet 313

## FACILITIES FOR INTRASTATE ACCESS

Missouri Public  
 Service Commission

12. CARRIER COMMON LINE SERVICE (Cont'd)12.5 Rates and Charges (Cont'd)

REC'D SEP 21 1999

Rates for Carrier Common Line Service\* are as follows:

<u>Intrastate InterLATA</u> <u>Premium Rate</u>		<u>Intrastate IntraLATA</u> <u>Premium Rate</u>		(I)
<u>Per</u> <u>Originating</u> <u>Access Minute</u>	<u>Per</u> <u>Terminating</u> <u>Access Minute</u>	<u>Per</u> <u>Originating</u> <u>Access Minute</u>	<u>Per</u> <u>Terminating</u> <u>Access Minute</u>	
\$ .03729	\$ .08905	\$ .03729	\$ .08905	

12.5.1 IntraLATA Equal Access Cost Recovery Charge  
 Per Originating Intrastate  
 Access Minute of Use

N/A

Missouri Public  
 Service Commission

FILED OCT 21 1999

\* The Carrier Common Line (CCL) rates shown as 12.5 are interim and subject to refund pursuant to the Commission's orders in Cases No. TO-99-254 and TO-99-519, or as these decisions may be subsequently modified by a final decision on appeal.

Issued: Sept. 21, 1999

Effective: Oct. 21, 1999

W. Jay Mitchell  
 President  
 Seneca, Missouri