

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

MIDCONTINENT COMMUNICATIONS, )  
A SOUTH DAKOTA PARTNERSHIP, )  
COMPLAINANT )

VS. )

MISSOURI VALLEY COMMUNICATIONS )  
INC., )  
RESPONDENT )

Case No. PU-08-61  
OAH No. 20080079

MISSOURI VALLEY COMMUNICATIONS )  
INC. )

APPLICATION FOR SUSPENSION OR )  
MODIFICATION PURSUANT TO )  
47 U.S.C. § 251(F)(2) )

Case No. PU-08-176  
OAH No. 20080079

**DIRECT TESTIMONY**  
**OF**  
**TIMOTHY J GATES**  
**ON BEHALF OF MIDCONTINENT COMMUNICATIONS**

**July 2, 2008**

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1     **I. WITNESS INTRODUCTION**

2     **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3     A. My name is Timothy J Gates. My business address is QSI Consulting, 819  
4     Huntington Drive, Highlands Ranch, Colorado 80126.

5     **Q. WHAT IS QSI CONSULTING, INC. AND WHAT IS YOUR POSITION**  
6     **WITH THE FIRM?**

7     A. QSI Consulting, Inc. ("QSI") is a consulting firm specializing in traditional and  
8     non-traditional utility industries, econometric analysis and computer-aided  
9     modeling. QSI provides consulting services for regulated utilities, competitive  
10    providers, government agencies (including public utility commissions, attorneys  
11    general and consumer councils) and industry organizations. I currently serve as  
12    Senior Vice President.

13    **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
14    **WORK EXPERIENCE.**

15    A. I received a Bachelor of Science degree from Oregon State University and a  
16    Master of Management degree, with an emphasis in Finance and Quantitative  
17    Methods, from Willamette University's Atkinson Graduate School of  
18    Management. Since I received my Masters, I have taken additional graduate-level  
19    courses in statistics and econometrics. I also have attended numerous courses and  
20    seminars specific to the telecommunications industry, including both the National  
21    Association of Regulatory Utility Commissions ("NARUC") Annual and NARUC  
22    Advanced Regulatory Studies Programs.

1 Prior to joining QSI, I was a Senior Executive Staff Member at MCI WorldCom,  
2 Inc. ("MWCUM"). I was employed by MCI and/or MWCUM for 15 years in  
3 various public policy positions. While at MWCUM I managed various functions,  
4 including tariffing, economic and financial analysis, competitive analysis, witness  
5 training and MWCUM's use of external consultants. Prior to joining MWCUM, I  
6 was employed as a Telephone Rate Analyst in the Engineering Division at the  
7 Texas Public Utility Commission and earlier as an Economic Analyst at the  
8 Oregon Public Utility Commission. Exhibit TJG-1 contains a complete summary  
9 of my work experience and education.

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**  
11 **DAKOTA PUBLIC SERVICE COMMISSION ("COMMISSION")?**

12 A. Yes. I testified before the Commission in Case Nos. PU-05-451, PU-2342-01-  
13 296, PU-2065-02-465 and PU-2320-90-183. In addition, I have testified more  
14 than 200 times in 44 states and Puerto Rico, and filed comments with the Federal  
15 Communications Commission ("FCC") on various public policy issues ranging  
16 from costing, pricing, local entry and universal service to strategic planning,  
17 merger and network issues. *See* Exhibit TJG-1.

18 **Q. DO YOU HAVE EXPERIENCE WITH THE ISSUES IN THIS**  
19 **PROCEEDING?**

20 A. Yes. I have participated in dozens of arbitrations since the 1996 amendments to  
21 the Communications Act of 1934 (the "Act") were enacted. I also have testified  
22 in proceedings with respect to the rural exemption and am familiar with the other

1 issues in this proceeding arising from the obligations imposed by federal and state  
2 law.

3 **Q. ON WHOSE BEHALF ARE YOU FILING THIS DIRECT TESTIMONY?**

4 A. I am filing this testimony on behalf of the petitioner, Midcontinent  
5 Communications, LLC (“Midcontinent”).

6  
7 **II. SUMMARY OF TESTIMONY**

8 **Q. WHAT ISSUES WILL YOU ADDRESS IN THIS PROCEEDING?**

9 A. I will address primarily the rural exemption issues and explain why  
10 Midcontinent’s request for direct interconnection is not “unduly economically  
11 burdensome.” Finally, I discuss the timing of negotiation and implementation of  
12 the interconnection.

13 **Q. ARE THERE OTHER WITNESSES TESTIFYING ON BEHALF OF**  
14 **MIDCONTINENT IN THIS PROCEEDING?**

15 A. Yes. Mr. W. Thomas Simmons of Midcontinent is also filing testimony. Mr.  
16 Simmons is the Senior Vice President of Public Policy for Midcontinent. He will  
17 provide background on Midcontinent and its operations and also describe what  
18 the company is seeking through this proceeding. Mr. Scott Lundquist, a  
19 consultant to QSI, also will file testimony in this case which critiques and corrects  
20 the Missouri Valley Communications, Inc. (“MVC”) Impact Analysis.

21 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

22 A. My testimony will show that the public interest and consumers in general will  
23 benefit from the limited termination of the rural exemption for MVC that

1 Midcontinent has requested. Midcontinent has requested an amendment to its  
2 existing interconnection agreement (“ICA”) with MVC that does not invoke all of  
3 the Section 251 requirements as MVC suggests. Further, as discussed in detail by  
4 Mr. Lundquist, MVC’s Impact Analysis, when corrected, does not result in an  
5 “unduly economically burdensome” impact. MVC’s opposition to  
6 interconnecting directly with Midcontinent is self-serving and discriminatory and  
7 not supported by the law or good public policy.

8 **Q. WHAT ARE YOUR RECOMMENDATIONS?**

9 A. I recommend that the Commission reject MVC’s attempt to avoid competition by  
10 invoking the rural exemption. MVC’s rural exemption (if not already waived  
11 given the current interconnection agreement) should be terminated so that  
12 Midcontinent can offer facilities-based services to consumers in the Williston  
13 area. Midcontinent’s presence, along with the wireless, Internet, long-distance  
14 and video providers will provide healthy incentives for MVC to be more efficient  
15 and responsive to its customers.

16 The four key issues for a termination of the rural exemption have been evaluated  
17 and the only one in dispute is the “unduly economically burdensome”  
18 determination. The parties’ positions on this key issue also directly affect the  
19 position on whether interconnection will harm MVC’s ability to meet its universal  
20 service requirements. There is no dispute that Midcontinent provided the proper  
21 *bona fide* request for interconnection and services or that the interconnection is  
22 not technically feasible.

1 The projected impact – even assuming MVC does nothing to respond to  
2 Midcontinent’s offerings – is not unduly economically burdensome. The  
3 corrected impact analysis described in the testimony of Mr. Lundquist shows that  
4 the impact is \$888,577 over a four year period. This is only about 2 percent of  
5 Nemont’s 2007 annual revenues and does not rise to an “unduly economically  
6 burdensome” level, especially when the benefits of the competition are  
7 considered.

8 Rural LECs like MVC have been isolated from competition for more than 12  
9 years since the passage of the Telecommunications Act. Unlike the regional Bell  
10 Operating Companies, rural companies have not been limited by line of business  
11 restrictions, as evidenced by Nemont’s many diversified subsidiaries. Given the  
12 implosion of the CLEC industry, consumers and the Commission should be  
13 encouraged that companies like Midcontinent are willing and able to invest in  
14 infrastructure that brings service choices to consumers in North Dakota. The  
15 benefits of competition will inure to consumers in Williston and will ultimately  
16 make both companies more efficient in delivering services and more responsive to  
17 consumer demands.

### 18 19 **III. GENERAL INTERCONNECTION OBLIGATIONS**

#### 20 **Q. PLEASE PROVIDE A GENERAL OVERVIEW OF THE ECONOMIC** 21 **RATIONALE FOR INTERCONNECTION PURSUANT TO THE ACT.**

22 A. The interconnection of networks is essential for the provision of  
23 telecommunications services by alternative providers such as Midcontinent. It

1 also is critical for consumers since without interconnection there would be no  
2 alternative services from which to choose. Indeed, interconnection was one of the  
3 key provisions of the Act that allows for competitive entry.

4 **Q. WHAT DID THE FCC SAY WITH RESPECT TO LOCAL**  
5 **COMPETITION AND THE BENEFITS TO CONSUMERS?**

6 A. In the dozens of orders issued by the FCC regarding local competition issues it  
7 has consistently supported the Act's requirement to open up local markets. In the  
8 *Local Competition Order*, the FCC stated:

9 Competition in local exchange and exchange access markets is  
10 desirable, not only because of the social and economic benefits  
11 competition will bring to consumers of *local* services, but also  
12 because competition eventually will eliminate the ability of an  
13 incumbent local exchange carrier to use its control of bottleneck  
14 local facilities to impede free market competition. Under section  
15 251, incumbent local exchange carriers (LECs), including the Bell  
16 Operating Companies (BOCs), are mandated to take several steps  
17 to open their networks to competition, including providing  
18 interconnection, offering access to unbundled elements of their  
19 networks, and making their retail services available at wholesale  
20 rates so that they can be resold.<sup>1</sup>

21  
22 In that same paragraph the FCC noted that, "The opening of all  
23 telecommunications markets to all providers will blur traditional industry  
24 distinctions and bring new packages of services, lower prices and increased  
25 innovation to American consumers." Through this proceeding Midcontinent  
26 hopes to be able to expand its offerings to the more rural areas of North Dakota –

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<sup>1</sup> In The Matter Of Implementation Of The Local Competition Provisions In The Telecommunications Act Of 1996, Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers, **FIRST REPORT AND ORDER**, 11 FCC Rcd. 15,499, ¶ 4 (rel. Aug 8, 1996). (*"Local Competition Order"* )

1 through interconnection with MVC<sup>2</sup> in the Williston area – and provide  
2 consumers with another alternative choice for communications services.

3 **Q. WHAT IS INTERCONNECTION?**

4 A. Interconnection is the physical linking of local networks for the purpose of  
5 exchanging traffic between customers subscribed to the respective networks. The  
6 FCC recognized this when it defined the term “interconnection” in the *Local*  
7 *Competition Order* at paragraph 176 in the following manner:

8 We conclude that the term “interconnection” under section  
9 251(c)(2) refers only to the physical linking of two networks for  
10 the mutual exchange of traffic.

11 While the FCC order quoted above refers to the term “interconnection” under  
12 section 251(c) the definition of “interconnection” is equally applicable to the  
13 more general obligation for interconnection under section 251(a).

14 **Q. PLEASE DISCUSS THOSE INTERCONNECTION OBLIGATIONS.**

15 A. The Act establishes comprehensive requirements to open local  
16 telecommunications markets to competition through the formation of  
17 interconnection agreements between ILECs and potential competitors – in this  
18 case, Midcontinent.

19 The FCC and state commissions have recognized that the various subsections of  
20 Section 251 of the Act impose escalating obligations on carriers depending upon  
21 their classifications (*i.e.*, telecommunications carrier, LEC, or ILEC). These  
22 classifications are based upon their market power, economic position (e.g.

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<sup>2</sup> MVC is owned by Nemont Telephone Cooperative, Inc. Nemont purchased what are now the MVC properties from Citizens Telephone in 2003. (*See* Deposition of Mssrs. Hanson and Del Fiacco at page 17.)

1 monopoly) and attendant public obligations (e.g., common carrier obligations).

2 This testimony focuses on the various requirements for ILECs, the carriers that  
3 have historically exercised monopoly control over local telecommunications  
4 markets.

5 **Q. PLEASE EXPLAIN, FROM A LAY PERSON'S PERSPECTIVE, HOW**  
6 **THESE INTERCONNECTION OBLIGATIONS ESCALATE.**

7 A. Section 251(a) of the Act identifies the general duties of telecommunications  
8 carriers to "interconnect directly or indirectly with the facilities and equipment of  
9 other telecommunications carriers."<sup>3</sup>

10 **Q. WHAT IS THE DISTINCTION BETWEEN DIRECT AND INDIRECT**  
11 **INTERCONNECTION?**

12 A. Direct interconnection occurs when two providers interconnect their facilities or  
13 equipment at an agreed upon location usually referred to as an interconnection  
14 point ("IP") or point of interconnection ("POI"). Indirect interconnection occurs  
15 when the originating and terminating carriers for a call use a third party provider  
16 to transit the traffic between the two carriers. In other words, the transit provider  
17 is connected directly with both the originating and terminating carriers, but the  
18 originating and terminating carriers are not directly interconnected with one  
19 another.

20 **Q. PLEASE CONTINUE YOUR DESCRIPTION OF THE ESCALATING**  
21 **INTERCONNECTION OBLIGATIONS IN THE ACT.**

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<sup>3</sup> 47 USC § 251(a)(1).

1 A. Section 251(b) of the Act identifies the general duties of all LECs, which include  
2 resale, number portability, dialing parity, and reciprocal compensation.

3 Section 251(c) imposes additional obligations and specific interconnection duties  
4 on ILECs, including the duty to negotiate an interconnection agreement in good  
5 faith, provide interconnection on more specific terms and conditions, provisioning  
6 of unbundled network elements (“UNEs”), requirements for resale at wholesale  
7 rates, providing notice of network changes and collocation when requested. The  
8 FCC’s *Local Competition Order* at paragraph 1241 describes these additional  
9 obligations as follows:

- 10 1. Section 251(c) imposes obligations on incumbent LECs in  
11 addition to the obligations set forth in sections 251(a) and (b). It  
12 establishes obligations of incumbent LECs regarding: (1) good  
13 faith negotiation; (2) interconnection; (3) unbundling network  
14 elements; (4) resale; (5) providing notice of network changes; and  
15 (6) collocation.  
16

17 The obligations identified in Section 251 are necessary to support the FCC’s goal  
18 of developing competition for the benefit of consumers and the economy. These  
19 duties and obligations are all focused on affording CLECs equal, non-  
20 discriminatory access to ILEC network facilities.

21 **Q. ARE THERE CERTAIN EXEMPTIONS FROM THE SECTION 251(C)**  
22 **REQUIREMENTS OF THE ACT?**

23 A. Yes. This case is focused on the “rural exemption” which is discussed in the next  
24 section of this testimony.  
25

1 **IV. APPLICATION FOR SUSPENSION OR MODIFICATION PURSUANT TO**

2 **47 USC § 251(F)(2)**

3 **Q. PLEASE DESCRIBE MIDCONTINENT’S REQUEST WITH RESPECT**  
4 **TO THE RURAL EXEMPTION.**

5 A. On February 8, 2008, Midcontinent filed its *Notice of Bona Fide Request for*  
6 *Services and Interconnection and petition to Find Rural Exemption Waived*<sup>4</sup> with  
7 the Commission. As recounted in the *Notice*, by letter dated November 14, 2007,  
8 Midcontinent made a *bona fide* request to MVC under the provisions of Section  
9 251(c) of the Act. By letter dated January 30, 2008, MVC advised Midcontinent  
10 that – based on the rural exemption under Section 251(f)(1)(A) of the Act – it was  
11 denying Midcontinent’s request for interconnection. Indeed, MVC refuses even  
12 to negotiate in good faith or discuss the type of interconnection for the exchange  
13 of traffic. And so we are here at the Commission seeking enforcement of the  
14 Act’s requirements for interconnection.

15 **Q. DOESN’T MIDCONTINENT ALREADY HAVE AN**  
16 **INTERCONNECTION AGREEMENT WITH MVC?**

17 A. Yes. Midcontinent has an existing interconnection agreement with MVC for  
18 resale which was filed with the Commission on December 3, 2004.<sup>5</sup> As such,  
19 Midcontinent’s request in this proceeding is merely a request for an amendment to  
20 the existing interconnection agreement.

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<sup>4</sup> Hereafter “*Notice*”.

<sup>5</sup> Case No. PU-04-638.

1     **Q.    WHY IS IT IMPORTANT FOR MIDCONTINENT TO HAVE**  
2     **FACILITIES-BASED INTERCONNECTION WITH MVC WHEN IT**  
3     **ALREADY HAS INTERCONNECTION FOR RESALE?**

4     A.    Resale is generally not thought of as a long-term solution because of the reliance  
5     upon the incumbent provider and the inability to distinguish the resold service  
6     from that of the underlying carrier. In addition, the reseller has no ability to cut  
7     its cost of telecommunications services relative to the retail rates of the incumbent  
8     from which it purchases services. No matter how well the reseller manages its  
9     own business, or how efficient it becomes, it will still have the same narrow  
10    margin upon which to meet its own costs and earn a profit. For that reason, the  
11    reseller has only a very limited ability to impose any competitive threat or  
12    pressure on the underlying provider and, as such, cannot be considered effective  
13    competition. It is only with facilities-based competition that new entrants can  
14    gain their independence from the incumbent and truly differentiate their services  
15    from those of the incumbent.

16    **Q.    WHY IS FACILITIES-BASED COMPETITION IMPORTANT TO THE**  
17    **DEVELOPMENT    OF    EFFECTIVE    COMPETITION    IN**  
18    **TELECOMMUNICATIONS?**

19    A.    As noted above, without a network of its own, a carrier is relegated to a “resale”  
20    role in the market. Successful marketing normally requires product  
21    differentiation and price competition. It is difficult, if not impossible, for a carrier  
22    to differentiate its product when it is reselling all or part of the incumbent’s  
23    product. The reseller is dependent upon the underlying carrier for quality of

1 service, features, speed to market, and facilities. Just as important, the reseller is  
2 dependent upon the underlying carrier for its cost of service. In other words, the  
3 cost that Midcontinent pays MVC becomes the most important cost for  
4 Midcontinent, and is probably the only cost over which the Midcontinent has no  
5 control or influence whatsoever.

6 **Q. IF MIDCONTINENT ALREADY HAS AN INTERCONNECTION**  
7 **AGREEMENT WITH MVC, HOW CAN MVC NOW INVOKE THE**  
8 **RURAL EXEMPTION AND REFUSE TO INTERCONNECT WITH**  
9 **MIDCONTINENT?**

10 A. This is an issue that the lawyers will discuss. From a lay person's perspective,  
11 since the two parties already have an interconnection agreement it seems that  
12 MVC has waived its right to refuse interconnection. Nevertheless I will address  
13 the rural exemption issues.

14 **Q. HOW DOES THE PROPOSED RENEGOTIATION OF THE EXISTING**  
15 **INTERCONNECTION AGREEMENT IMPACT MVC?**

16 A. As discussed by Mr. Simmons and in Midcontinent's *Notice*, Midcontinent is  
17 seeking a limited waiver of the rural exemption to allow for facilities-based  
18 interconnection with number portability for the Williston exchange.<sup>6</sup> The impact  
19 on MVC's operations is discussed briefly later in this testimony and is discussed  
20 in detail in the testimony of Mr. Lundquist.

---

<sup>6</sup> See *Notice* at 2.

1     **Q.     WOULD YOU CONSIDER MIDCONTINENT'S INTERCONNECTION**  
2           **REQUEST TO BE FOR A LIMITED TERMINATION OF THE RURAL**  
3           **EXEMPTION?**

4     A.     Yes. The request is very specific and limited.

5     **Q.     WHAT IS MIDCONTINENT NOT REQUESTING FROM MVC THAT IT**  
6           **COULD REQUEST WITH A FULL TERMINATION OF THE RURAL**  
7           **EXEMPTION?**

8     A.     As noted above, Section 251(c) allows a requesting CLEC to receive -- in addition  
9           to the obligations set forth in sections 251(a) and (b) -- (1) good faith negotiation;  
10          (2) interconnection; (3) unbundling of network elements ("UNEs"); (4) resale; (5)  
11          providing notice of network changes; and (6) collocation. Midcontinent is not  
12          requesting the unbundling of MVC's network. In essence, Midcontinent's request  
13          is limited to direct interconnection and local number portability ("LNP"), and  
14          LNP is not covered by the Section 251(f)(1) exemption.

15     **Q.     IN YOUR OPINION IS THE LIMITATION PROPOSED BY**  
16           **MIDCONTINENT A SIGNIFICANT CONCESSION?**

17     A.     Yes. Not only is this a concession, but it is aimed at reducing disputes between  
18           the parties. As the parties are well aware, developing UNEs and pricing them  
19           using the FCC's TELRIC<sup>7</sup> standard is time consuming and can be very litigious.  
20           The cost cases associated with UNEs can last years. Limiting the request to  
21           reasonable facilities-based interconnection at reasonable cost-based rates is aimed

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<sup>7</sup> TELRIC stands for Total Element Long Run Incremental Cost and is the FCC's forward looking economic cost standard for UNEs and interconnection in general. See FCC rule § 51.505 for specific information about the TELRIC standard and rule § 51.511 for details on how to calculate the cost.

1 at making the process simple and inexpensive for all parties. Unfortunately, even  
2 given the limited scope of Midcontinent's request for interconnection, MVC  
3 refused to even enter into good faith negotiations.

4 **Q. PLEASE ADDRESS THE ISSUES ASSOCIATED WITH THE**  
5 **TERMINATION OF A RURAL EXEMPTION.**

6 A. Section 251(f) of the Telecommunications Act addresses the rural exemption and  
7 it is reproduced below.

8 **SEC. 251. [47 U.S.C. 251] INTERCONNECTION.**

9 (f) Exemptions, Suspensions, and Modifications.--

10 (1) Exemption for certain rural telephone companies.--

11 (A) Exemption.--Subsection (c) of this section shall not apply to a rural  
12 telephone company until

13 (i) such company has received a bona fide request for  
14 interconnection, services, or network elements, and

15 (ii) the State commission determines (under subparagraph (B))  
16 that such request is not unduly economically burdensome, is  
17 technically feasible, and is consistent with section 254 (other  
18 than subsections (b)(7) and (c)(1)(D) thereof).

19 (B) State termination of exemption and implementation schedule.--The  
20 party making a bona fide request of a rural telephone company for  
21 interconnection, services, or network elements shall submit a notice of its  
22 request to the State commission. The State commission shall conduct an  
23 inquiry for the purpose of determining whether to terminate the  
24 exemption under subparagraph (A). Within 120 days after the State  
25 commission receives notice of the request, the State commission shall  
26 terminate the exemption if the request is not unduly economically  
27 burdensome, is technically feasible, and is consistent with section 254  
28 (other than subsections (b)(7) and (c)(1)(D) thereof). Upon termination  
29 of the exemption, a State commission shall establish an implementation  
30 schedule for compliance with the request that is consistent in time and  
31 manner with Commission regulations.

32 (C) Limitation on exemption.--The exemption provided by this  
33 paragraph shall not apply with respect to a request under subsection (c)  
34 from a cable operator providing video programming, and seeking to  
35 provide any telecommunications service, in the area in which the rural  
36 telephone company provides video programming. The limitation

1 contained in this subparagraph shall not apply to a rural telephone  
2 company that is providing video programming on the date of enactment  
3 of the Telecommunications Act of 1996.

4 **Q. HAS THE FCC DESCRIBED THE RURAL EXEMPTION IN ANY OF ITS**  
5 **ORDERS?**

6 A. Yes. The FCC's *Local Competition Order* at paragraph 1249 describes the rural  
7 exemption as follows:

8 Section 251(f)(1) grants rural telephone companies an exemption  
9 from section 251(c), until the rural telephone company has  
10 received a bona fide request for interconnection, services, or  
11 network elements, and the state commission determines that the  
12 exemption should be terminated.<sup>8</sup>

13  
14  
15 **Q. DO THE FCC'S RULES MIRROR THE LANGUAGE IN THE ACT**  
16 **REGARDING THE RURAL EXEMPTION?**

17 A. Yes. The FCC's rules (§51.401, §51.403 and §51.405) similarly describe the  
18 rural exemption pursuant to section 251(f) of the Act.

19 **Q. BASED ON YOUR REVIEW OF INFORMATION PROVIDED BY MVC**  
20 **AND MR. HANSON'S TESTIMONY, DO YOU CONSIDER MVC TO BE**  
21 **A RURAL LEC?**

22 A. While I am not expressing a legal opinion, it appears to me that MVC meets the  
23 characteristics of a "rural" LEC as outlined in the Act and the FCC's rules

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<sup>8</sup> A rural telephone company is defined as a local exchange carrier operating entity to the extent that such entity "(A) provides common carrier service to any local exchange carrier study area that does not include either-- (i) any incorporated place of 10,000 inhabitants or more, or any part thereof . . . ; or (ii) any territory, incorporated or unincorporated, included in an urbanized area . . . ; (B) provides telephone exchange service, including exchange access, to fewer than 50,000 access lines; (C) provides telephone exchange service to any local exchange carrier study area with fewer than 100,000 access lines; or (D) has less than 15 percent of its access lines in communities of more than 50,000 on the date of enactment of the Telecommunications Act of 1996." 47 U.S.C. § 153(37).

1 implementing the Act. Mr. Hanson addresses the rural classification for MVC at  
2 page 5 of his testimony.<sup>9</sup>

3 **Q. IS THE EXEMPTION AN ENTITLEMENT FOR THE RURAL LECS?**

4 A. No. To be clear, the exemption from the 251(c) requirements was to be an  
5 *exception* and not the rule. The FCC specifically made this point in paragraph  
6 1262 of the *Local Competition Order* wherein it states in pertinent part:

7 We believe that Congress intended exemption, suspension, or  
8 modification of the section 251 requirements to be the exception  
9 rather than the rule, and to apply only to the extent, and for the  
10 period of time, that policy considerations justify such exemption,  
11 suspension, or modification.

12 If the exemption was an entitlement, there would never be competition in rural  
13 LEC serving territories. The intention was that the exemption would be used only  
14 when it was absolutely necessary to preserve universal service. As shown herein,  
15 competition from Midcontinent will not harm MVC's ability to meet its universal  
16 service obligations.  
17

18  
19 **V. SPECIFIC TESTS FOR TERMINATION OF THE RURAL EXEMPTION**

20 **Q. PLEASE IDENTIFY EACH OF THE REQUIREMENTS FOR THE**  
21 **RURAL EXEMPTION.**

22 A. As noted above, there are four key aspects of a request to terminate a rural  
23 exemption for purposes of direct interconnection. The first requirement is that the  
24 LEC must receive a *bona fide* request from a CLEC for interconnection. The  
25 second requirement is a show that the interconnection is not unduly economically  
26 burdensome. The third requirement is that the requested interconnection is

---

<sup>9</sup> See also the Deposition of Mssrs. Hanson and Del Fiacco at page 94.

1 technically feasible. The fourth requirement is that the requested interconnection  
2 does not harm the rural LEC's ability to meet its Section 254 universal service  
3 obligations. I will address three of the four points below and leave the final point  
4 – whether the request for interconnection is unduly economically burdensome –  
5 for discussion in the next section of this testimony. As I address each requirement  
6 under Section 251(f)(1)(a) I will show why I believe the requirements have been  
7 met by Midcontinent's request for interconnection.

### 8 ***Bona Fide Request***

9  
10 **Q. DO YOU CONSIDER MIDCONTINENT'S NOTICE TO BE A BONA FIDE**  
11 **REQUEST FOR INTERCONNECTION AS REFERRED TO IN SECTION**  
12 **251(F)?**

13 A. Yes. While I am not a lawyer, the *Notice* is very clear in seeking interconnection  
14 pursuant to the Act and the termination of the rural exemption. Indeed, the  
15 *Notice*, which is entitled "Notice of Bona Fide Request for Services and  
16 Interconnection and Petition to Find Rural Exemption Waived" is a good  
17 indication of what Midcontinent seeks.

18 **Q. HAS MVC DISPUTED THE FACT THAT MIDCONTINENT HAS FILED**  
19 **A BONA FIDE REQUEST FOR INTERCONNECTION?**

20 A. No. Mr. Hanson's testimony at page 10 states the following:

21 **Q: Do you regard the request as a bona fide request,**  
22 **that is, made in good faith?**

1 A: Yes, but it obviously presumed MVC waived our right  
2 to assert the rural exemption.

3 Based on Mr. Hanson's testimony it appears that there is no dispute on the first  
4 issue. In other words, it appears the parties agree that a *bona fide* request for  
5 interconnection and services was made.<sup>10</sup>

6 ***Technically Feasible***

7  
8 **Q. PLEASE ADDRESS THE THIRD REQUIREMENT – WHETHER THE**  
9 **INTERCONNECTION REQUESTED BY MIDCONTINENT IS**  
10 **TECHNICALLY FEASIBLE.**

11 A. As noted by Mr. Hanson in his testimony, it is difficult to address this point since  
12 MVC has refused to negotiate with Midcontinent. At page 29 of his testimony he  
13 states, "I can't say interconnection is not technically feasible, but there are  
14 implementation issues that would need to be addressed, including the costs of  
15 implementation." The bottom line is that MVC has refused to even discuss  
16 interconnection with Midcontinent.

17 **Q. DO YOU ANTICIPATE ANY TECHNICAL ISSUES THAT WOULD**  
18 **PREVENT MVC FROM INTERCONNECTING WITH MIDCONTINENT?**

19 A. No. Midcontinent has interconnected with many other ILECs and the form of  
20 interconnection proposed for MVC is consistent with standard interconnection  
21 practices. I am confident that when the engineers from both MVC and

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<sup>10</sup> At page 2 of Mr. Hanson's testimony he discusses the three important factors for consideration in the proceeding – technical feasibility, undue economic harm and ability to carry out universal service obligations. Since the *bona fide* request was not mentioned, I think we can assume that is not an issue in this proceeding.

1 Midcontinent sit down to plan the interconnection that there will be no  
2 insurmountable technical obstacles. In fact, based on Mr. Hanson's experience  
3 with McLeod, I'm sure he and his engineering team can be very creative in  
4 designing interconnection arrangements.

5 **Q. IS THERE ANYTHING ABOUT THE INTERCONNECTION**  
6 **REQUESTED BY MIDCONTINENT THAT IS NOT TECHNICALLY**  
7 **FEASIBLE GIVEN THE NETWORK OF MVC?**

8 A. No. Midcontinent is not seeking anything that hasn't already been done many  
9 times before. The physical interconnection required by Midcontinent is not  
10 unique or difficult and utilizes standard industry practices and technology. Mr.  
11 Hanson admitted during his deposition that the MVC DMS 100 switch in  
12 Williston has been upgraded to do local number portability.<sup>11</sup> Given MVC's  
13 experience with interconnecting with wireless carriers, other LECs for EAS,  
14 Dakota Carrier Networks, its own affiliates such as NCI and Sagebrush, and  
15 Qwest, interconnection with Midcontinent should be a relatively simple task.<sup>12</sup>

16 **Q. DO THE FCC RULES ADDRESS TECHNICALLY FEASIBLE FORMS**  
17 **OF INTERCONNECTION?**

18 A. Yes. FCC rule §51.321 addresses technically feasible interconnection.  
19 Subsection (b) refers to physical collocation and virtual collocation at the  
20 premises of an ILEC. Subsection (c) refers to any previously successful method

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<sup>11</sup> See Deposition of Mssrs. Hanson and Del Fiacco at pages 60-61.

<sup>12</sup> See Deposition of Mssrs. Hanson and Del Fiacco at pages 50-59.

1 of obtaining interconnection as being substantial evidence that such method is  
2 technically feasible.

3 **Q. MR. HANSON SAYS THERE ARE COSTS ASSOCIATED WITH**  
4 **INTERCONNECTION AND HE IDENTIFIES A LIST OF AREAS**  
5 **WHERE ADDITIONAL COSTS MAY BE INCURRED.<sup>13</sup> HOW DO YOU**  
6 **RESPOND?**

7 A. First of all, the cost of interconnection is not an issue in determining whether the  
8 interconnection is technically feasible. There are costs associated with any  
9 interconnection. Many of the costs identified by Mr. Hanson, however, are not  
10 relevant given that Midcontinent's limited request for interconnection does not  
11 include UNEs. Nevertheless, the FCC recognized, when it codified rule  
12 51.703(b), that the financial responsibilities for interconnection for the exchange  
13 of traffic should be borne solely by each carrier on its side of the IP. At the same  
14 time, a CLEC cannot impose unreasonable costs on an ILEC by, for instance,  
15 demanding interconnection at a point that is far away from the ILEC's service  
16 area.

17 *[CONSIDER OMITTING THE NEXT Q & A]*

18 **Q. WHAT IS THE LANGUAGE IN RULE 703(B)?**

19 A. The language in Rule 703(b)<sup>14</sup> is as follows:

20 **§ 51.703 Reciprocal Compensation Obligations of LECs.**

21 (b) A LEC may not assess charges on any other  
22 telecommunications carrier for telecommunications traffic that  
23 originates on the LEC's network.

---

<sup>13</sup> See Direct of Hanson at pages 29-30.

<sup>14</sup> See, FCC Subpart H – Reciprocal Compensation for Transport and Termination of Telecommunications Traffic.

1  
2 This rule prohibits carriers from shifting costs of transporting traffic to the IP to  
3 other carriers. In other words, each carrier is responsible for the costs of  
4 delivering its traffic to other carriers for termination. Several Federal Circuit  
5 Courts of Appeal have specifically upheld this interpretation. For example, as the  
6 Fourth Circuit stated in a dispute between SBC and MCI on this very point,

7 In sum, we are left with an unambiguous rule, the legality of  
8 which is unchallenged, that prohibits the charge that SBC seeks to  
9 impose. Rule 703(b) is unequivocal in prohibiting LECs from  
10 levying charges for traffic originating on their own networks, and,  
11 by its own terms, admits of no exceptions. Although we find some  
12 surface appeal in SBC's suggestion that the charge here is not  
13 reciprocal compensation, but rather the permissible shifting of  
14 costs attending interconnection, the FCC, as noted above, has  
15 endorsed cost-shifting related to interconnection only as it relates  
16 to the one-time costs of physical linkage, and in doing so,  
17 expressly declined the invitation to extend the definition of  
18 "interconnection" to include the transport and termination of  
19 traffic.<sup>15</sup>

20 This decision flows from the simple technical reality that interconnection simply  
21 means linking up networks. It also is consistent with the accepted economic  
22 expedient of cost-causation.

23 **Q. IF THERE ARE COSTS ASSOCIATED WITH SETTING UP THE**  
24 **INTERCONNECTION BETWEEN MVC AND MIDCONTINENT, IS**  
25 **MIDCONTINENT WILLING TO PAY ITS FAIR SHARE OF THOSE**  
26 **COSTS?**

27 A. My understanding is that sharing costs to establish an interconnection is standard  
28 practice for Midcontinent.

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<sup>15</sup> *MCImetro Access Transmission Services, Inc. v. SBC Telecommunications, Inc.*, No. 03-1238  
2003 US App. LEXIS 25782, \*24-5 (4<sup>th</sup> Cir. Dec 18, 2003).

1       **Q.     DOES MR. HANSON UNDERSTAND THAT CARRIERS SHARE THE**  
2       **COST OF ESTABLISHING AN INTERCONNECTION?**

3       A.     I don't think so. During his deposition he was asked, "Are you aware that you  
4       would be paid for the cost of someone coming in to use collocation?" Mr.  
5       Hanson responded, "No, I'm not aware of that."<sup>16</sup> While I'm surprised that Mr.  
6       Hanson did not understand that carriers share the cost of collocation and  
7       interconnection given his experience working at a CLEC, hopefully this testimony  
8       will assuage some of his concerns in that regard.

9       **Q.     MR. HANSON SUGGESTS AT PAGE 30 OF HIS TESTIMONY THAT IT**  
10       **WILL TAKE 90 DAYS TO PLAN THE INTERCONNECTION. IS THAT**  
11       **REASONABLE?**

12       A.     I do not think it would take 90 days to negotiate, plan and implement an  
13       interconnection between MVC and Midcontinent. I would think an agreement to  
14       work cooperatively and diligently on the interconnection once ordered would be  
15       acceptable. I am confident the two companies could implement the  
16       interconnection sooner than 90 days under those circumstances.

17       ***Impact on Universal Service Obligations***

18  
19       **Q.     PLEASE ADDRESS THE FOURTH REQUIREMENT REGARDING**  
20       **UNIVERSAL SERVICE.**

21       A.     Consistency with section 254 is the last test for the termination of the rural  
22       exemption. Section 254 of the Act deals with universal service issues. The key

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<sup>16</sup> See Deposition of Mssrs. Hanson and Del Fiacco at page 82.

1 principles identified by Congress for universal service include:

2 (1) QUALITY AND RATES. -- Quality services should be  
3 available at just, reasonable, and affordable rates.

4  
5 (2) ACCESS TO ADVANCED SERVICES. -- Access to  
6 advanced telecommunications and information services should be  
7 provided in all regions of the Nation.

8  
9 (3) ACCESS IN RURAL AND HIGH COST AREAS. --  
10 Consumers in all regions of the Nation, including low-income  
11 consumers and those in rural, insular, and high cost areas, should  
12 have access to telecommunications and information services,  
13 including interexchange services and advanced  
14 telecommunications and information services, that are reasonably  
15 comparable to those services provided in urban areas and that are  
16 available at rates that are reasonably comparable to rates charged  
17 for similar services in urban areas.

18  
19 (4) EQUITABLE AND NONDISCRIMINATORY  
20 CONTRIBUTIONS. -- All providers of telecommunications  
21 services should make an equitable and nondiscriminatory  
22 contribution to the preservation and advancement of universal  
23 service.

24  
25 (5) SPECIFIC AND PREDICTABLE SUPPORT  
26 MECHANISMS. -- There should be specific, predictable and  
27 sufficient Federal and State mechanisms to preserve and advance  
28 universal service.

29  
30 (6) ACCESS TO ADVANCED TELECOMMUNICATIONS  
31 SERVICES FOR SCHOOLS, HEALTH CARE, AND  
32 LIBRARIES. -- Elementary and secondary schools and  
33 classrooms, health care providers, and libraries should have  
34 access to advanced telecommunications services as described  
35 in subsection (h).<sup>17</sup>

36  
37 Midcontinent's interconnection with MVC will further the principles identified  
38 above. In other words, Midcontinent's facilities-based entry into the Williston  
39 area will not harm the availability or quality of services, including access to  
40 advanced telecommunications services. Indeed, Midcontinent's investment and

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<sup>17</sup> See 47 U.S.C. §254(b).

1 entry will likely result in healthy competition which should ultimately reduce  
2 rates and increase quality and diversity of service for consumers in Williston.

3 **Q. MR. HANSON STATES THAT INTERCONNECTION “WOULD**  
4 **SUBSTANTIALLY IMPAIR MISSOURI VALLEY’S PERFORMANCE OF**  
5 **ITS UNIVERSAL SERVICE OBLIGATIONS.”<sup>18</sup> PLEASE COMMENT.**

6 A. MVC’s position seems to be that any facilities-based competition is bad and  
7 should be rejected. To the contrary, competition will benefit consumers in  
8 Williston and even MVC over time. MVC’s position also assumes that the  
9 universal service element of the test focuses on the rural carrier alone, rather than  
10 on the goals of Section 254. As a result, MVC ignores not only the additional  
11 service that would be provided by Midcontinent, but the availability of wireless  
12 service in MVC’s service area that could serve as a replacement for MVC’s  
13 service offerings.

14 **Q. MR. HANSON FOCUSES ON THE “COSTS” OF COMPETITION. ARE**  
15 **THEIR BENEFITS AS WELL?**

16 A. Of course. Those benefits are described in the Telecommunications Act and in  
17 general economics. At paragraph four of the Telecommunications Act it says, in  
18 pertinent part, “The opening of all telecommunications markets to all providers  
19 will blur traditional industry distinctions and bring new packages of services,  
20 lower prices and increased innovation to American consumers. The world  
21 envisioned by the 1996 Act is one in which all providers will have new  
22 competitive opportunities as well as new competitive challenges.” The reference

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<sup>18</sup> See Direct of Hanson at page 31.

1 to “challenges” may well have been a reference to incumbents like MVC, but it  
2 refers to new entrants too.

3 **Q. CAN MVC MITIGATE THE IMPACT OF MIDCONTINENT’S**  
4 **FACILITIES-BASED INTERCONNECTION AND OFFERINGS?**

5 A. Yes. It will take some time to negotiate the interconnection agreement and the  
6 technical details for the actual exchange of traffic. It also will take time after  
7 those negotiations for Midcontinent to begin the process of moving customers  
8 from resale to its own facilities.<sup>19</sup> During that time, MVC can consider and  
9 perhaps deploy new offerings, improve quality of service, engage in cost  
10 reduction activities and even plan for long-run network improvement.

11 **Q. ONCE MIDCONTINENT IS OPERATING UNDER THE PROPOSED**  
12 **INTERCONNECTION AGREEMENT AND ATTRACTS CUSTOMERS**  
13 **TO ITS OWN FACILITIES, ARE THOSE CUSTOMERS LOST**  
14 **FOREVER TO MVC?**

15 No. It is very common for incumbents to engage in what is referred to as “win-back”  
16 activities. Those activities include special promotions, targeted marketing, short-  
17 term offers for returning customers, etc. Although all incumbents must be careful  
18 not to inappropriately use their knowledge of the CLEC’s customer base – gained  
19 from the CLEC resale of the incumbent’s services or number porting activities –  
20 win-back activities can be very effective. Generally the consumers are the  
21 winners when multiple providers engage in activities to either keep or attract

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<sup>19</sup> That is not to say that all resale customers will agree to migrate to Midcontinent’s own facilities. During the deposition of Mr. Simmons he noted that they are not always successful in migrating resale customers.

1 customers. [I wouldn't bring this up since it limits MVC's ability to engage in  
2 winback.]

3 **Q. MR. HANSON SAYS MVC HAS NO PLANS FOR VIDEO. HOW CAN**  
4 **MVC OFFSET THE SUPPOSED ADVANTAGE THAT**  
5 **MIDCONTINENT'S BUNDLED OFFERINGS PROVIDE?**

6 A. MVC offers bundles as well.<sup>20</sup> I would note that MVC also does not offer  
7 wireless or long-distance, but its parent does. MVC also could reconsider  
8 investment decisions regarding video. While Mr. Hanson says that MVC's  
9 investment in the network is limited by the amount of internally generated funds  
10 "solely from Missouri Valley",<sup>21</sup> that is an artificial constraint. The fact that is it  
11 an artificial constraint is proved by Mr. Hanson's statement at page 1 of his  
12 testimony wherein he states, "My name is Shawn Hanson, and I am the general  
13 manager for Missouri Valley Communications, Inc. ("MVC") and its parent  
14 company, Nemont Telephone Cooperative, Inc. ("Nemont"). I am also the  
15 general manager of 3 other Nemont subsidiaries which include Sagebrush  
16 Cellular, Inc., Project Telephone Company, and Nemont Communications, Inc.  
17 (NCI)." There is nothing that would prevent Nemont from providing a cash  
18 infusion to MVC for purposes of expanding or improving the network in and  
19 around Williston. Later in this testimony I discuss the relationship between and  
20 among the various Nemont companies.

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<sup>20</sup> See Deposition of Mssrs. Hanson and Del Fiacco at page 36; MVC Answers to Complainant's Interrogatories, Second Set, Question 12 (describing bundles of voice and data service).

<sup>21</sup> See Deposition of Mssrs. Hanson and Del Fiacco at page 17. See also the Direct of Hanson at page 27.

1     **Q.     IS THERE ONE ASPECT OF THE MVC NETWORK THAT COULD BE**  
2     **IMPROVED?**

3     A.     My information on the MVC network is based on information provided by Mr.  
4     Hanson and Mr. Del Fiacco. During their deposition the MVC witnesses  
5     expressed some concern about the speed of their DSL (512 kilobits) and their  
6     ability to compete with Midcontinent's offering.<sup>22</sup> Mr. Hanson also discusses the  
7     West Ring Project at pages 26-27 in his testimony which is aimed, at least in part,  
8     at increasing the speed of MVC's Internet service using DSL technology.  
9     Obviously the fiber in this project and potentially others could be used in the  
10    future to provide video. In fact, MVC's July 1 discovery responses indicate that it  
11    already has improved its residential DSL speeds to 1 Mbps and that it plans to  
12    offer a 10 Mbps business DSL service at the beginning of the fourth quarter of  
13    this year.<sup>23</sup>

14    **Q.     MR. HANSON CLAIMS AT PAGE 27 OF HIS TESTIMONY THAT**  
15    **THEIR NETWORK INVESTMENT PLANS BEYOND 2009 "HAVE**  
16    **BASICALLY BEEN PUT ON HOLD BY THE MAGNITUDE OF THE**  
17    **IMPACT THAT THIS INTERCONNECTION REQUEST WOULD HAVE**  
18    **ON MVC." HOW DO YOU RESPOND?**

19    A.     This is a typical incumbent threat with the apparent purpose of supporting MVC's  
20    request to deny Midcontinent's interconnection request. This threat, however,  
21    makes little sense. When confronted with competition MVC should do all it can

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<sup>22</sup> See Deposition of Messrs. Hanson and Del Fiacco at pages 43, 94-97.

<sup>23</sup> MVC Answers to Complainant's Interrogatories, Second Set, Question 12 (describing DSL service speeds).

1 to maximize its advantages, including the maintenance and upgrade of its  
2 network. This is especially true when MVC's management recognizes short-  
3 comings in its products (e.g. very slow DSL) and the comparative advantage of  
4 potential new entrants (the video offerings of Midcontinent). Instead of  
5 threatening to stop investing – which would only harm consumers and MVC's  
6 ability to retain and or attract customers – it should focus on finding ways to  
7 improve its network.

8 Mr. Hanson's suggestion that the "Interconnection with Midcontinent would  
9 cause a loss of revenues to support facilities upgrades and replacements."<sup>24</sup> could  
10 become a self-fulfilling prophecy if MVC acts on the threat to stop investing. But  
11 even if it did, it would be the result of MVC's poor management decisions and not  
12 because of competitive entry.

13 **Q. MR. HANSON DISCUSSES THE LOSS OF ACCESS LINES.<sup>25</sup> IS THAT**  
14 **REASON TO DENY FACILITIES-BASED INTERCONNECTION?**

15 A. No. The first and most obvious point is that the lost lines are not because of  
16 Midcontinent. I agree with Mr. Hanson that there are several factors contributing  
17 to the reduction of access lines. The movement from dial-up Internet access to  
18 DSL has reduced the number of second lines and we also know that some  
19 telecommunications users have terminated their wireline service in favor of  
20 wireless service. These two phenomena alone have resulted in a reduction in lines  
21 for most, if not all, ILECs.

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<sup>24</sup> See Direct of Hanson at page 28.

<sup>25</sup> *Id.* at 7.

1       **Q.    HOW DOES THE MIGRATION TO BROADBAND RESULT IN FEWER**  
2       **ACCESS LINES?**

3       A.    The push to migrate dial-up customers to broadband services eliminates the need  
4       for consumers to have a second line in the home. As such, moving customers to a  
5       DSL connection – over which you can receive both voice and data at the same  
6       time – results in a reduction of second lines.

7       **Q.    IS THE REDUCTION IN SECOND LINES A ONE TO ONE**  
8       **REDUCTION?**

9       A.    No. Not all people will eliminate their second line when they purchase DSL, but  
10       many do. The cost of the second line is substantial and the federal subscriber line  
11       charge is almost doubled for the second line. In other words, not only do you pay  
12       an additional \$20 or \$30 for the second line, but your federal subscriber line  
13       charge may go up to \$7 a month.

14       **Q.    DOES NEMONT CONTRIBUTE TO THE LOSS OF LINES WITH ITS**  
15       **DSL AND WIRELESS OFFERINGS?**

16       A.    Yes. It is possible that some of the line losses are a result of cannibalization.  
17       This means that money is going out of one pocket (MVC/Nemont) and into the  
18       other (Nemont).

19       **Q.    ASSUMING MVC IS LOSING LINES, IS THERE A STATISTICAL**  
20       **RELATIONSHIP BETWEEN THE NUMBER OF ACCESS LINES AND**  
21       **THE COMPANY'S FINANCIAL RESULTS?**

22       A.    Not necessarily. A recent study by Raymond James looked at the overall impact

1 of access line losses on the financial results of certain ILECs.<sup>26</sup> Based on their  
2 research, they found that access line losses had a limited impact on the financials.  
3 The reason they cited for the lack of correlation was diversification. Since  
4 diversified companies have relatively less income associated with the access lines,  
5 the impact is obviously less if those lines are lost. Since Nemont is well  
6 diversified, access line loss – based on this equity research – it not necessarily an  
7 indication of financial losses or instability.

8 **Q. PLEASE EXPAND ON THE WIRELESS REPLACEMENT ISSUE YOU**  
9 **MENTIONED ABOVE.**

10 A. Some customers are replacing their traditional wireline connections with wireless  
11 service. This is also contributing to the downward trend in access lines –  
12 especially for younger residential customers. In the FCC’s report on competitive  
13 market conditions for the wireless industry it cited numerous studies on the  
14 number of consumers who have “cut the cord” and replaced their wireline service  
15 with wireless service. Those estimates averaged about eight percent.<sup>27</sup> Obviously  
16 individuals that disconnect their wireline services and rely totally on a wireless  
17 alternative would contribute to an ILEC’s line loss. But as discussed above, to the  
18 extent those wireline customers are leaving MVC to purchase a replacement line  
19 from Sagebrush, the impact is minimal to Nemont.

20 **Q. PLEASE SUMMARIZE YOUR OPINION AS TO WHETHER**  
21 **INTERCONNECTION WITH MIDCONTINENT WILL IMPACT MVC’S**

---

<sup>26</sup> “Statistical Analysis of Access Line Impact on ILEC Financial Results,” Telecommunications Services Wireline Industry Report, dated June 20, 2008, by Raymond James & Associates, Inc. A copy of this report is attached to this testimony as Exhibit TJG-2.

<sup>27</sup> See, **Eleventh Report**, FCC WT Docket No. 06-17. Released: September 29, 2006.

1           **ABILITY TO MAINTAIN ITS UNIVERSAL SERVICE OBLIGATIONS.**

2           A.    Midcontinent's interconnection with MVC will not harm MVC's ability to  
3           maintain its universal service obligations. MVC has done a good job describing  
4           the alternative services and providers available to consumers in Williston. Mr.  
5           Hanson described numerous wireless providers, video providers (cable and  
6           satellite), Internet providers and long-distance providers. Indeed, Nemont and its  
7           affiliates are participating in all but the video portion of these markets. MVC  
8           appears to be doing just fine in meeting its universal service obligations in the  
9           face of all this competition. Adding a facilities-based competitor will not change  
10          the circumstances to the point that MVC cannot meet its obligations.

11          MVC has geographic and market characteristics that benefit it *vis a vis* new  
12          entrants, including the unfavorable economics of constructing and operating  
13          competitive systems in rural areas. Further, Nemont's diversification provides a  
14          buffer to competitive inroads. Even with these obvious incumbent advantages  
15          and customer inertia, MVC argues that despite all the alternatives in the market  
16          today that a facilities-based provider would cause it irreparable harm. This  
17          position is not supported by history or the facts in this case.

18          The competition from Midcontinent will create the proper incentives for MVC.  
19          MVC will have the incentive to invest in its equipment, systems and services.  
20          Without that investment, service quality may fall and consumers may choose  
21          services from other providers such as Midcontinent. The Commission should  
22          strive to increase competition – and market discipline -- as a natural way to

1 encourage investment and quality services. Sound public policy favors  
2 encouraging, not artificially barring or handicapping, competition.  
3

4 **VI. IMPACT NOT UNDULY ECONOMICALLY BURDENSOME**

5 **Q. HAVE YOU OR MR. LUNDQUIST REVIEWED THE IMPACT**  
6 **ANALYSIS THAT MVC PROVIDED?**

7 A. Yes. We have reviewed MVC's impact analysis, and Mr. Lundquist is providing  
8 testimony that corrects certain assumptions and facts associated with the analysis.  
9 After correcting the analysis it appears that -- if MVC does nothing to respond to  
10 Midcontinent's entry into Williston -- the cumulative net operating impact over  
11 the next four years (2009-2012) would be about \$888 thousand and not the \$3.583  
12 million that MVC suggests. This would be about 2 percent of Nemont's total  
13 revenues for 2007 and obviously a smaller percentage of its revenues in 2012.

14 **Q. MVC'S IMPACT ANALYSIS COMPARES ITS PROJECTED**  
15 **REDUCTION IN REVENUES TO THE MVC REVENUES. WHY ARE**  
16 **YOU COMPARING THE RESTATED RESULTS TO NEMONT'S**  
17 **REVENUES?**

18 A. It is misleading to suggest that MVC is a stand-alone entity. The resources of the  
19 parent and subsidiaries should be available for their best use.

20 **Q. PLEASE DESCRIBE THE RELATIONSHIP BETWEEN NEMONT AND**  
21 **MVC.**

22 A. MVC is a wholly owned subsidiary of Nemont Telephone Cooperative. MVC is a  
23 for-profit enterprise, which remits profits in excess of those required to fund

1 capital expenditures back to Nemont.<sup>28</sup> Nemont also owns a non-regulated  
2 affiliate called Nemont Communications Inc. (“NCI”) which provides long  
3 distance and broadband Internet service.<sup>29</sup> Another non-regulated affiliate,  
4 Sagebrush Cellular, offers wireless services and is wholly owned by NCI.<sup>30</sup>

5 **Q. DOES MR. HANSON ACT AS GENERAL MANAGER FOR ALL OF THE**  
6 **NEMONT COMPANIES?**

7 A. Yes.<sup>31</sup>

8 **Q. IS THERE OTHER EVIDENCE THAT MVC AND NEMONT**  
9 **EFFECTIVELY OPERATE AS A SINGLE ENTITY?**

10 A. Yes. The companies share many operating resources and present a unified face to  
11 the public. As noted above, Mr. Hanson serves as general manager for Nemont  
12 and for MVC, but he is far from the only shared employee. During the deposition  
13 of Mr. Hanson and Mr. Del Fiacco, they identified several other employees whose  
14 duties were split between MVC and Nemont.<sup>32</sup> In response to an interrogatory,  
15 MVC reported that:

16 Missouri Valley received the following goods and/or services from  
17 Nemont Communications, Inc.: fiber lease (entitled circuit equipment in  
18 Audit notes), computer lease, office support lease, head quarters building  
19 lease, vehicle lease, other equipment lease, and voice mail expense.

20 At the same time, Nemont also received goods and services from MVC,  
21 specifically, “billing and collection services, customer service, installation and  
22

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<sup>28</sup> See Hanson testimony at page 27.

<sup>29</sup> Deposition of Messrs. Hanson and Del Fiacco at pages 23-27.

<sup>30</sup> *Id.* at page 28.

<sup>31</sup> See Hanson testimony at 1.

<sup>32</sup> Cite to deposition.

1 maintenance service” and Sagebrush Cellular received “circuit lease, and  
2 customer service” from MVC.<sup>33</sup>

3 **Q. WHAT DO YOU MEAN WHEN YOU SAY THAT THE COMPANIES**  
4 **PROVIDE A UNIFIED FACE TO THE PUBLIC?**

5 A. From a consumer perspective, it would not appear that there is any difference  
6 between Nemont and MVC. In fact, everything service is offered under the  
7 Nemont brand. For instance, when you search for Missouri Valley  
8 Communications in Google, the first hit is for the Nemont web site, and it takes  
9 you to a page titled “About Nemont – Williston, North Dakota.” That page says  
10 that Nemont offers services that include local telephone service – which  
11 technically is provided by MVC – and voice mail – which technically is provided  
12 by Nemont. Clicking on the links for local service, long distance service, Internet  
13 and wireless will take the viewer to pages that brand these services as offered by  
14 Nemont, and there is no explanation on any of these pages that different  
15 companies offer different services, even on the local service page where both  
16 local service and voice mail are offered.<sup>34</sup> From the web site, it would be very  
17 difficult for the average consumer to conclude that MVC is separate from Nemont  
18 Communications or even from Sagebrush Cellular.

19 **Q. WHAT ARE THE APPROXIMATE REVENUES OF EACH NEMONT**  
20 **ENTITY?**

21 A. According to the 2007 financial statement provided in response to discovery,

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<sup>33</sup> Answers to Complainant’s Interrogatories, Second Set, Question 6a, b.

<sup>34</sup> Copies of printouts of these pages are attached as Exhibit TJG-3.

1 MVC had 2007 revenue of \$6.3 million.<sup>35</sup> NCI has approximately \$19.5 million  
2 in annual revenue.<sup>36</sup> In total, Nemont Telephone Cooperative has approximately  
3 \$40.5 million in annual revenue.<sup>37</sup> The non-regulated services provided by NCI  
4 and its affiliate Sagebrush account for approximately 50% of Nemont's total  
5 revenue.

6 **Q. IS THE REVENUE IMPACT CALCULATED IN MVC'S IMPACT**  
7 **ANALYSIS AS DIRE AS MR. HANSON PORTRAYS IT TO BE?**

8 A. No. For example, the projected 2009 revenue loss of \$628,600 before the  
9 adjustments I propose above is 10% of MVC's 2007 annual revenue of \$6.3  
10 million on a standalone basis. However, it is 1.5% of Nemont's annual revenue  
11 of \$41.5 million.

12 **Q. WHY IS TOTAL NEMONT REVENUE RELEVANT TO THIS CASE?**

13 A. MVC is limited in the revenue it can earn because all non-regulated services are  
14 offered through NCI. MVC acts as a marketing agent for long distance, high  
15 speed internet and wireless services. MVC's remuneration for offering these  
16 services on behalf of NCI and its affiliate, Sagebrush, is limited to reimbursement  
17 for MVC employee labor costs allocated to these services and billing and  
18 collection services rendered on NCI's behalf.<sup>38</sup> MVC's 2007 operating revenue  
19 of \$6.3 million was comprised almost entirely of local service revenue (\$2.8

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<sup>35</sup> See Hanson testimony at 19.

<sup>36</sup> Manta.com profile of Nemont Communications, Inc. at <http://www.manta.com>. Manta.com is owned by ECNext Inc, a Columbus, Ohio-based online media company.

<sup>37</sup> Deposition of Messrs. Hanson and Del Fiacco at page 9.

<sup>38</sup> Deposition of Messrs. Hanson and Del Fiacco at pages 23-25.

1 million) and network access service revenue (\$3.6 million).<sup>39</sup> Billing and  
2 collection revenue from all carriers this service is rendered to was only \$39,000 in  
3 2007.<sup>40</sup>

4 **Q. DOES MVC CURRENTLY OFFER VIDEO SERVICES?**

5 A. No, according to Mr. Hanson.<sup>41</sup>

6 **Q. DOES MVC HAVE ANY PLANS TO OFFER VIDEO SERVICES?**

7 A. According to Mr. Hanson, no.<sup>42</sup>

8 **Q. DID MVC CONTEMPLATE OFFERING VIDEO SERVICES TO ITS**  
9 **CUSTOMERS?**

10 A. According to Mr. Hanson, yes, it did, but not through its own facilities. Instead,  
11 NCI considered purchasing all of Midcontinent's subscribers in the Williston  
12 exchange.<sup>43</sup> However, Mr. Hanson stated that the financial parameters of the  
13 transaction were not viable, so NCI backed out of the negotiations.<sup>44</sup>

14 **Q. WHY IS THIS CIRCUMSTANCE IMPORTANT EVEN THOUGH THE**  
15 **TRANSACTION WAS NOT CONSUMMATED?**

16 A. It illustrates that another important source of revenue that could accrue to MVC  
17 on a retail basis would instead go to its non-regulated affiliate. If NCI / MVC  
18 decided to offer video services to MVC customers, MVC would bear the burden  
19 of upgrading its plant and then sell capacity on its network to NCI on a wholesale

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<sup>39</sup> MVC's 2007 Income Statement.

<sup>40</sup> *Id.*

<sup>41</sup> Deposition of Messrs. Hanson and Del Fiacco at pages 26-27.

<sup>42</sup> See Hanson testimony at page 8.

<sup>43</sup> Deposition of Messrs. Hanson and Del Fiacco at page 103.

<sup>44</sup> *Id.* at page 104.

1 basis for NCI to offer the video service. MVC likely would act as the marketing  
2 agent similar to its role in marketing long distance, DSL and wireless services on  
3 behalf of NCI which would presumably earn more from provision this service to  
4 MVC's customers than NCI would earn by providing the wholesale network.

5 **Q. BASED ON YOUR ANALYSIS ABOVE, SHOULD THE COMMISSION**  
6 **LIMIT ITS EVALUATION OF THE FINANCIAL IMPACT THAT**  
7 **LIFTING THE RURAL EXEMPTION MAY CAUSE TO MVC'S**  
8 **FINANCIAL POSITION ONLY?**

9 A. No. The impact on Nemont in total should be the relevant benchmark.

10 **Q. GIVEN THE CORRECTIONS THAT MR. LUNDQUIST DESCRIBES IN**  
11 **HIS TESTIMONY DO YOU BELIEVE MIDCONTINENT'S**  
12 **INTERCONNECTION WILL RESULT IN AN "UNDULY**  
13 **ECONOMICALLY BURDENSOME" IMPACT?**

14 A. No. That is not to say that \$888,577 is trivial, but the benefits to consumers and  
15 to the potential to increase the efficient operation of the industry more than offset  
16 that amount. As noted earlier in this testimony whenever competition occurs the  
17 incumbent tends to lose some customers and some revenues – at least temporarily.  
18 Given Nemont's diversification and resources, however, the calculated impact is  
19 not unduly economically burdensome. If MVC responds to the competition it can  
20 mitigate these impacts.

21 **Q. WHAT DOES IT MEAN TO BE "UNDULY ECONOMICALLY**  
22 **BURDENSOME"?**

1 A. I am not providing a legal definition but common sense and prior orders should  
2 help us understand what this phrase means. We can break down this phrase using  
3 standard definitions. “Unduly” means “exceeding or violating propriety or fitness  
4 – excessive.” “Economically” is defined as “of, relating to, or based on the  
5 production, distribution, and consumption of goods and services.” “Burdensome”  
6 means “oppressive” or “onerous.” These are standard definitions taken from a  
7 Merriam Webster’s Collegiate Dictionary. Based on my experience in the  
8 industry, however, I believe this test relates to the financial and operational  
9 impact of competition on MVC. More specifically, if the competition harmed  
10 MVC to the point where it was damaging its ability to operate efficiently or to  
11 continue to offer services, then the exemption would apply. Based on our  
12 analysis of the potential impact of Midcontinent’s facilities-based entry in  
13 Williston, however, the impact is certainly not unduly economically burdensome.

14 **Q. WOULD YOU AGREE THAT INDIVIDUALS MAY INTERPRET THIS**  
15 **STANDARD DIFFERENTLY?**

16 A. Yes, and ultimately it is the Commission’s interpretation that will rule the day.  
17 There are limits in the statutory language. Congress wanted and expected  
18 competition, so it is not enough for a rural ILEC to show that complying with  
19 Section 251(c) will impose some costs. The standard of “unduly economically  
20 burdensome” refers to costs that would impose an excessively heavy burden on  
21 the ILEC, compared to the costs that it would experience if the request for  
22 interconnection were not granted.

23 **Q. IF MVC LOSES CUSTOMERS OR REDUCES RATES IN ORDER TO**

1           **KEEP CUSTOMERS, IS THAT HARMFUL TO CONSUMERS IN**  
2           **WILLISTION OR THE PUBLIC INTEREST?**

3           A.    No. In a market with multiple providers one would expect customers to change  
4           providers from time to time assuming providers are engaged in rivalrous behavior.  
5           In other words, customer churn is an indication that consumers are exercising  
6           their ability to change providers and in so doing one can assume that the  
7           consumers are saving money and enjoying new or better features, or both.  
8           Likewise, if rates are reduced in a market, that is evidence of carriers attempting  
9           to retain or acquire customers and the reduced prices obviously benefit all  
10          consumers.

11          **Q.    IN YOUR OPINION, IS MIDCONTINENT'S REQUEST FOR**  
12          **INTERCONNECTION UNDULY ECONOMICALLY BURDENSOME?**

13          A.    No. Recall that Midcontinent intends to pay for the services that it obtains from  
14          MVC. Further, Midcontinent will pay for and maintain the interconnection  
15          facilities on its side of the IP. Finally, the magnitude of the projected impact,  
16          assuming MVC does nothing to improve services or retain customers, is not  
17          sufficient to justify rejecting Midcontinent's request for direct interconnection.  
18          MVC is doing fine with all the competition it currently faces and one more  
19          competitor only will increase MVC's incentives to be more efficient and  
20          responsive to its customers.

21          **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

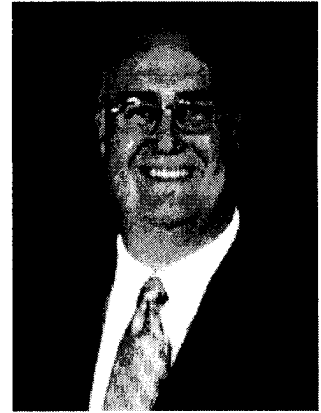
22          A.    Yes, it does although I anticipate providing oral testimony during the hearings.

**Exhibit TJG-1:**  
**Curriculum Vitae of Timothy J Gates**

## **Timothy J Gates**

**Senior Vice President  
QSI Consulting, Inc.**

819 Huntington Drive  
Highlands Ranch, Colorado 80126-4750  
(303) 424-4433 voice  
(303) 378-6579 mobile  
(303) 424-4434 facsimile  
[tgates@qsiconsulting.com](mailto:tgates@qsiconsulting.com)



### **Biography**

Mr. Gates is a QSI partner and currently serves as Senior Vice President, managing some of QSI's largest clients. Before joining QSI, Mr. Gates held key management positions over a 15-year period with MCI, Inc.'s Law and Public Policy Group. Mr. Gates has focused on telecommunications issues ranging from costing, pricing, alternative forms of regulation, local entry, and universal service to strategic planning, legislation, and merger and network issues over a telecommunications career spanning 25 years. He has extensive experience working with attorneys, analysts, external consultants, regulators, lobbyists, and company executives on issues associated with the convergence of competition, technologies, services, and companies. Mr. Gates has developed policy positions and advocated those positions before regulatory commissions and legislatures across the nation. During his tenure with MCI, Mr. Gates managed its many external consultants and the associated budget. He has testified in more than 200 proceedings in 44 states and Puerto Rico and before the FCC and the Department of Justice. Mr. Gates is widely recognized in the telecommunications industry as one of the most talented witnesses and witness trainers.

Before joining MCI, Mr. Gates was employed by the Texas Public Utility Commission as a Telephone Rate Analyst in the Telecommunications Division's Engineering Department. Prior to joining the Texas staff, Mr. Gates was employed by the Oregon Public Utility Commission as an Economic Analyst in the Telecommunications Division. Mr. Gates also has experience in the energy industry, having worked with the Bonneville Power Administration (United States Department of Energy), where he was employed as a Financial Analyst. Mr. Gates also spent 10 years in the forest industry in the Northwest, where he held numerous positions of increasing responsibility for International Paper, Weyerhaeuser and the Oregon Department of Forestry.

### **Educational Background**

Master of Management, Emphasis in Finance and Quantitative Methods  
*Willamette University's Atkinson Graduate School of Management, Salem, Oregon*

Bachelor of Science, Forest Management  
*Oregon State University, Corvallis, Oregon*



**Professional Experience**

**QSI Consulting, Inc.**

2000 – Current  
Senior Vice President  
Denver, Colorado

**MCI Telecommunications**

1994 – 1996  
Executive Staff Member II  
World Headquarters, Washington D.C.

**Economic Analysis and Regulatory Policy  
in the Legal, Regulatory and Legislative  
Affairs Department for the Midwest  
Division of MCI**

1988 – 1992  
Senior Manager  
Chicago, Illinois

**MCI Southwest Division**

1985 – 1986  
Financial Analyst III and Senior Staff  
Specialist

Austin, Texas

**Public Utility Commission of Oregon**

1983 – 1984  
Economic Analyst  
Salem, Oregon

**MCI WorldCom**

1996 - 2000  
Senior Executive Staff Member  
National Public Policy Group  
Denver, Colorado

**MCI Regulatory Analysis Department**

1992 – 1994  
Senior Manager  
National Public Policy Group  
Chicago, Illinois

**MCI West Division**

1986 – 1988  
Manager of Tariffs and Economic Analysis  
Denver, Colorado

**Public Utility Commission of Texas**

1984 – 1985  
Engineering Division  
Telephone Rate  
Analyst  
Austin, Texas

**Bonneville Power Administration**

1982 – 1983  
Financial Analyst  
Portland, Oregon

**Expert Testimony – Profile**

*The information below is Mr. Gates' best effort to identify proceedings wherein he has either provided pre-filed written testimony or provided live testimony or formal comments.*

**Before the Alabama Public Service Commission**

**Docket No. 27867**

*Adelphia Business Solutions Arbitration with BellSouth Telecommunications*

Direct

October 18, 2000

Rebuttal

January 31, 2001

**Before the Arizona Corporation Commission**

**Docket No. T-03654-05-0350, T-01051B-05-0350**

*In the Matter of Level 3 Communications, LLC Petition for Arbitration with Qwest Corp.*

On Behalf of Level 3

Direct

July 15, 2005

Rebuttal

August 15, 2005

**Before the Arizona Corporation Commission**

**Docket No. T-01051B-0454**

*In the Matter of Qwest Corporation's Amended Renewed Price Regulation Plan*

On Behalf of Time Warner Telecom, Inc.

Direct

November 18, 2004

**Before the Arizona Corporation Commission**

**Docket No. T-00000A-03-0369**

*In the Matter of ILEC Unbundling Obligations as a Result of the Federal Triennial Review Order*

On Behalf of WorldCom, Inc. (MCI)

Direct

January 9, 2004

**Before the Arizona Corporation Commission**

**Docket No. T-00000A-00-0194**

*Phase II – A; Investigation into Qwest's Compliance with Wholesale Pricing Requirements for Unbundled Network Elements and Resale Discounts*

On Behalf of WorldCom, Inc.

Rebuttal

September 2, 2001

**Before the Arizona Corporation Commission**

**Case CV 99-20649**

*Superior Court of Arizona; Count of Maricopa; ESI Ergonomic Solutions, LLC, Plaintiff, vs. United Artists Theatre Circuit*

On Behalf of United Artists Theatre Circuit

Affidavit

February 20, 2001

**Before the Arizona Corporation Commission**

**Docket Nos. T-03654A-00-0882, T-01051B-00-0882**

*Petition of Level 3 Communications, LLC, for Arbitration with Qwest Corporation*

On Behalf of Level 3

Direct

January 8, 2001

**Before the Arizona Corporation Commission**

**Docket No. T-0000B-97-238**

*USWC OSS Workshop*

On Behalf of MCI WorldCom, Inc.

Comments

September 20, 1999

**Before the Arizona Corporation Commission**

**Docket No. T-03175A-97-0251**

*Application of MCI metro Access Transmission Services, Inc. to Expand It's CCN to Provide*

*IntraLATA Services and to Determine that Its IntraLATA Services are Competitive*

On Behalf of MCI WorldCom, Inc.

Direct

November 9, 1998

**Before the Arizona Corporation Commission**

*Arizona Corporation Commission Workshop on Special Access Services*

On Behalf of MCI

Comments

September 23, 1987

**Before the Arizona Corporation Commission**

**Docket No. R-0000-97-137**

*Comments to the Universal Service Fund Working Group*

On Behalf of MCI

Comments

October 24, 1997

Comments

May 8, 1998

**Before the Arizona Corporation Commission**

**Judgment; Nos. CV 95-14284, CV-96-03355, CV-96-03356, (consolidated).**

*Affidavit in Opposition to USWC Motion for Partial Summary*

On Behalf of MCI

Affidavit

August 21, 1996

**Before the Arkansas Public Service Commission**

**Docket No. 04-0999-U**

*In the Matter of Level 3 Petition for Arbitration with Southwestern Bell Telephone, L.P. D/B/A*

*SBC Arkansas*

On Behalf of Level 3

Direct

September 7, 2004

**Before the California Public Utilities Commission**

**Case No. C.07-03-008**

*Complaint of Neutral Tandem, Inc. v. Level 3 Communications, LLC*

On Behalf of Level 3

Declaration

May 7, 2007

Direct

May 25, 2007

**Before the California Public Utilities Commission**

**Docket No. A.04-06-004**

*Petition of Level 3 Communications for Arbitration with SBC*

On Behalf of Level 3 Communications LLC

Direct

June 1, 2004

**Before the California Public Utilities Commission**

**Application 00-04-037**

*Petition of Level 3 Communications for Arbitration of an Interconnection Agreement with Pacific*

*Bell Telephone Company*

On Behalf of Level (3) Communications, LLC

Direct

June 5, 2000

**Before the California Public Utilities Commission**

**Application No. 96-09-012**

*MCI Petition for Arbitration with GTE California, Inc.*

On Behalf of MCI

Direct

September 10, 1996

**Before the California Public Utilities Commission**

**Application No. 96-08-068**

*MCI Petition for Arbitration with Pacific Bell*

On Behalf of MCI

Direct

August 30, 1996

**Before the Colorado Public Utilities Commission**

**Docket No. 06F-039T**

*Adams County E-911 Emergency Telephone Service Authority Complaint Against Qwest*

On Behalf of Adams, Arapahoe, Douglas, El Paso, Teller, Jefferson, Larimer Counties & the City of Aurora

Direct

October 24, 2007

**Before the Colorado Public Utilities Commission**

**Docket No. 05B-210T**

*Petition of Level 3 Communications, LLC for Arbitration with Qwest Corporation*

On Behalf of Level 3

Direct

July 11, 2005

Rebuttal

December 19, 2005

**Before the Colorado Public Utilities Commission**

**Docket No. 04A-411T**

*Regarding Application of Qwest for Reclassification and Deregulation of Certain Products and Services*

On Behalf of Time Warner Telecom

Direct

February 18, 2005

**Before the Colorado Public Utilities Commission**

**Docket No. 03I-478T**

*Regarding the Unbundling Obligations of ILECs Pursuant to the Triennial Review Order*

On Behalf of WorldCom, Inc. (MCI)

Direct

January 26, 2004

**Before the Colorado Public Utilities Commission**

**Docket No. 99I-577T**

*US WEST Statement of Generally Available Terms and Conditions*

On Behalf of Covad Communications Company, Rhythms Links, Inc., and New Edge Networks, Inc.

Direct

June 27, 2001

**Before the Colorado Public Utilities Commission**

**Case No. 99CV8252**

*Qwest Corporation, Inc., Plaintiff, v. IP Telephony, Inc., Defendant. District Court, City and County of Denver, State of Colorado*

On Behalf of IP Telephony

Direct

January 29, 2001

**Before the Colorado Public Utilities Commission**

**Docket No. 00B-601T**

*Petition of Level 3 Communications, LLC for Arbitration with Qwest Corporation*

On Behalf of Level 3

Direct

January 4, 2001

Rebuttal

January 16, 2001

**Before the Colorado Public Utilities Commission**

**Docket No. 99R-128T**

*Proposed Amendments to the Rules on Local Calling Area Standards*

On Behalf of MCI WorldCom

Oral Comments before the Commissioners

May 13, 1999

**Before the Colorado Public Utilities Commission**

**Docket No. 98R-426T**

*Proposed Amendments to the Rules Prescribing IntraLATA Equal Access*

On Behalf of MCI WorldCom and AT&T Communications of the Mountain States, Inc.

Comments

November 4, 1998

**Before the Colorado Public Utilities Commission**

**Docket No. 97A-494T**

*Application of WorldCom, Inc. for Approval to Transfer Control of MCI to WorldCom, Inc.*

Affidavit in Response to GTE

May 8, 1998

**Before the Colorado Public Utilities Commission**

**Docket No. 97A-494T**

*Application of WorldCom, Inc. for Approval to Transfer Control of MCI to WorldCom, Inc.*

On Behalf of MCI.

Supplemental Direct

March 10, 1998

Rebuttal

March 26, 1998

**Before the Colorado Public Utilities Commission**

**Docket Nos. 97K-237T, 97F-175T (consolidated) and 97F-212T (consolidated)**

*Complaint of MCI to Reduce USWC Access Charges to Economic Cost*

On Behalf of MCI

Direct

July 18, 1997

Rebuttal

August 15, 1997

**Before the Colorado Public Utilities Commission**

**Docket No. 90A-665T (consolidated)**

*Application of U S WEST Communications, Inc. To Modify Its Rate and Service Regulation Plan*

On Behalf of MCI

Direct

September 26, 1996

Rebuttal

October 7, 1996

**Before the Colorado Public Utilities Commission**

**Docket No. 96A-366T (consolidated)**

*MCI metro Petition for Arbitration wit U S WEST Communications, Inc.*

On Behalf of MCI

Direct

September 6, 1996

Rebuttal

September 17, 1996

**Before the Colorado Public Utilities Commission**

**Docket No. 1766**

*Investigation and Suspension; Mountain States Telephone and Telegraph Company's Local Calling Access Plan*

On Behalf of MCI

Direct

October 26, 1988

**Before the Colorado Public Utilities Commission**

**Docket No. 1720**

*Investigation and Suspension; Rate Case of Mountain States Telephone and Telegraph Company*

On Behalf of MCI

Direct

December 1, 1986

**Before the Connecticut Department of Public Utility Control**

**Docket No. 07-02-29**

*Petition of Neutral Tandem, Inc., for Interconnection with Level 3 Communications and Request for Interim Order*

On Behalf of Level 3

Direct

May 1, 2007

**Before the Connecticut Department of Public Utility Control**

*Petition of Level 3 Communications, LLC for Arbitration Pursuant to Section 252(b) with Southern New England Telephone Company d/b/a/ SBC Connecticut; Level 3/SNET Arbitration*  
On Behalf of Level 3 Communications, LLC

Direct

November 2, 2004

**Before the Delaware Public Service Commission**

**Docket No. 92-47**

*Diamond State Telephone Company's Application for a Rate Increase*

On Behalf of MCI

Direct

February 12, 1993

**Before the Florida Public Service Commission**

**Case No. 000475-TP**

*In Re: Complaint by BellSouth Telecommunications, Inc. Against Thrifty Call, Inc. Regarding Practices in the Reporting of Percent Interstate Usage for Compensation for Jurisdictional Access Service.*

On Behalf of Thrifty Call

Direct

February 7, 2008

Rebuttal

March 3, 2008

**Before the Florida Public Service Commission**

**Docket Nos. 050119-TP/050125-TP**

*Petition and Complaint for Suspension and Cancellation of Transit Traffic Service Tariff No. FL2004-284 filed by BellSouth Telecommunications, Inc., by AT&T Communications of the Southern States, LLC*

On Behalf of CompSouth

Direct

December 19, 2005

Rebuttal

January 30, 2006

**Before the Florida Public Service Commission**

**Docket No. 031047-TP**

*Petition of KMC Telecom for Arbitration with Sprint Communications: On Behalf of KMC Telecom III, L.L.C, KMC Telecom V, Inc., and KMC Data, L.L.C.*

Direct

June 11, 2004

Rebuttal

July 9, 2004

**Before the Florida Public Service Commission**

**Docket No. 000084-TP**

*Petition of BellSouth for Arbitration with US LEC of Florida Inc.*

On Behalf of US LEC

Direct

October 13, 2000

Rebuttal

October 27, 2000

**Before the Florida Public Service Commission  
Docket No. 000907-TP**

*Petition of Level 3 for Arbitration with BellSouth*  
On Behalf of Level 3.

Direct  
Rebuttal

October 5, 2000  
November 1, 2000

**Before the Florida Public Service Commission  
Docket No. 930330-TP**

*Investigation into IntraLATA Presubscription*  
On Behalf of MCI

Direct

July 1, 1994

**Before the Georgia Public Utilities Commission  
Docket No. 24844**

*Petition of Neutral Tandem for the Establishment of Interconnection with Level 3*  
On Behalf of Level 3

Direct  
Rebuttal

April 13, 2007  
April 24, 2007

**Before the Georgia Public Utilities Commission  
Docket No. 12645-U**

*Petition of Level 3 for Arbitration with BellSouth*  
On Behalf of Level 3

Direct  
Rebuttal

December 6, 2000  
December 20, 2000

**Before the Idaho Public Utilities Commission  
Case No. QWE-T-05-11**

*In the Matter of Level 3 Communications, LLC Petition for Arbitration with Qwest Corporation*  
On Behalf of Level 3

Direct  
Rebuttal

August 12, 2005  
September 16, 2005

**Before the Idaho Public Utilities Commission  
Case No. GNR-T-02-16**

*Petition of Pottlatch, CenturyTel, the Idaho Telephone Association for Declaratory Order  
Prohibiting the Use of "Virtual NXX Calling"*

On Behalf of Level 3, AT&T, WorldCom, and Time Warner Telecom  
Comments/Presentation

November 25, 2002

**Before the Idaho Public Utilities Commission  
Case No. U-1500-177**

*Investigation of the Universal Local Access Service Tariff*  
On Behalf of MCI

Direct  
Rebuttal

March 17, 1988  
April 26, 1988

**Before the Idaho Public Utilities Commission**

**Case No. U-1150-1**

*Petition of MCI for a Certificate of Public Convenience and Necessity*

On Behalf of MCI

Direct

November 20, 1987

**Before the Illinois Commerce Commission**

**Docket No. 07-0277**

*Complaint of Neutral Tandem, Inc. v. Level 3 Communications, LLC*

On Behalf of Level 3

Direct

May 15, 2007

**Before the Illinois Commerce Commission**

**Docket No. 04-0428**

*Level 3 Petition for Arbitration to Establish an Interconnection Agreement with Illinois Bell*

*Telephone Company*

On Behalf of Level (3) Communications, LLC

Direct

June 22, 2004

Direct

September 3, 2004

**Before the Illinois Commerce Commission**

**Docket No. 00-0332**

*Level 3 Petition for Arbitration to Establish and Interconnection Agreement with Illinois Bell*

*Telephone Company*

On Behalf of Level (3) Communications, LLC

Direct

May 30, 2000

Supplemental Verified Statement

July 11, 2000

**Before the Illinois Commerce Commission**

**Docket No. 93-0044**

*Complaint of MCI and LDDS re Illinois Bell Additional Aggregated Discount and Growth*

*Incentive Discount Services*

On Behalf of MCI and LDDS.

Direct

November 18, 1993

Rebuttal

January 10, 1994

**Before the Illinois Commerce Commission**

**Case No. 90-0425**

Presentation to the Industry Regarding MCI's Position on Imputation.

July 29, 1991

**Before the Illinois Commerce Commission**

**Docket No. 83-0142**

*Industry presentation to the Commission re Docket No. 83-0142 and issues for next generic*

*access docket re the Imputation Trial and Unitary Pricing/Building Blocks*

On Behalf of MCI

Comments

November 19, 1990

**Before the Illinois Commerce Commission**

**Docket No. 88-0091**

*IntraMSA Dialing Arrangements*

On Behalf of MCI

Direct

November 22, 1989

Rebuttal

February 9, 1990

**Before the Illinois Commerce Commission**

**Docket No. 89-0033**

*Illinois Bell Telephone Company's Rate Restructuring*

On Behalf of MCI

Direct

May 3, 1989

Rebuttal

July 14, 1989

**Before the Illinois Commerce Commission**

**Docket No. 83-0142**

*Appropriate Methodology for Intrastate Access Charges Regarding ICTC's Access Charge Proposal*

On Behalf of MCI

Surrebuttal

February 16, 1989

**Before the Illinois Commerce Commission**

**Docket No. 83-0142**

*Appropriate Methodology for Intrastate Access Charges Regarding Toll Access*

On Behalf of MCI

Rebuttal

January 16, 1989

**Before the Indiana Utility Regulatory Commission**

**Cause No. 43462**

*Petition of Comcast Phone of Central Indiana, LLC for Arbitration with United Telephone Companies of Indiana (DBA Embarq);*

On Behalf of Comcast

Direct

May 23, 2008

Rebuttal

June 12, 2008

**Before the Indiana Utility Regulatory Commission**

**Cause No. 43299**

*Complaint of Neutral Tandem, Inc. and Neutral Tandem – Indiana, LLC Against Level 3 Communications, LLC, Concerning Interconnection with Level 3 Communications, LLC*

On Behalf of Level 3

Reply

July 23, 2007

**Before the Indiana Utility Regulatory Commission**

**Cause No. 42663-INT-01**

*In the Matter of Level 3 Communications, LLC Petition for Arbitration with SBC Indiana*

On Behalf of Level 3 Communications, LLC

Direct

September 2, 2004

Rebuttal

October 5, 2004

**Before the Indiana Utility Regulatory Commission**

**Cause No. 39032**

*MCI Request for IntraLATA Authority*

On Behalf of MCI

Direct

October 25, 1990

Rebuttal

April 4, 1991

**Before the Indiana Utility Regulatory Commission**

**Cause No. 38560**

*Reseller Complaint Regarding 1+ IntraLATA Calling*

On Behalf of MCI

Direct

June 29, 1989

**Before the Indiana Utility Regulatory Commission**

**Cause No. 37905**

*Intrastate Access Tariffs -- Parity with Federal Rates*

On Behalf of MCI

Direct

June 21, 1989

**Before the Indiana Utility Regulatory Commission**

**Cause No. 38561**

*Deregulation of Customer Specific Offerings of Indiana Telephone Companies*

On Behalf of MCI Regarding Staff Reports.

Direct

April 14, 1989

**Before the Indiana Utility Regulatory Commission**

**Cause No. 38561**

*Deregulation of Customer Specific Offerings of Indiana Telephone Companies*

On Behalf of MCI Regarding GTE

Direct

December 16, 1988

**Before the Indiana Utility Regulatory Commission**

**Cause No. 38561**

*Deregulation of Customer Specific Offerings of Indiana Telephone Companies*

On Behalf of MCI

Direct

October 28, 1988

**Before the Iowa Utilities Board**

**Docket No. FCU-06-42**

*In the Matter of Coon Creek Telecommunications Corp. Complaint Against Iowa*

*Telecommunications Services*

On Behalf of CCTC

Direct

July 14, 2006

Rebuttal

August 21, 2006

**Before the Iowa Utilities Board**

**Docket No. ARB-05-4**

*In the Matter of Level 3 Communications, LLC Petition for Arbitration with Qwest*

On Behalf of Level 3

Direct

July 20, 2005

Rebuttal

August 12, 2005

Surrebuttal

August 24, 2005

**Before the Iowa Utilities Board**

**Docket Nos. INU-03-4, WRU-03-61**

In Re: Qwest Corporation; Sworn Counter Statement of Position on Behalf of MCI.

December 15, 2003

**Before the Iowa Utilities Board**

**Docket Nos. INU-03-4, WRU-03-61**

In Re: Qwest Corporation; Sworn Statement of Position on Behalf of MCI.

November 14, 2003

**Before the Iowa Utilities Board**

**Docket NOI-99-1**

*Universal Service Workshop; Responded to questions posed by the Staff of the Board during one day workshop*

On Behalf of MCIW and AT&T

Comments

October 27, 1999

**Before the Iowa Utilities Board**

**Docket NOI-99-1**

*Universal Service Workshop; Participated on numerous panels during two day workshop*

On Behalf of MCI WorldCom

Comments

June 8, 1999

**Before the Iowa Utilities Board**

**Docket No. NOI-90-1**

*Presentation on Imputation of Access Charges and the Other Costs of Providing Toll Services*

On Behalf of MCI

October 3, 1991

**Before the Iowa Utilities Board**

**Docket No. RPU-91-4**

*Investigation of the Earnings of U S WEST Communications, Inc.*

On Behalf of MCI

Direct

September 25, 1991

Rebuttal

November 5, 1991

Supplemental

December 23, 1991

Rebuttal

January 10, 1992

Surrebuttal

January 20, 1992

**Before the Iowa Utilities Board**

**Docket No. RPU-88-1**

*Regarding the Access Charges of Northwestern Bell Telephone Company*

On Behalf of MCI

Direct

September 20, 1988

**Before the Iowa Utilities Board**

**Docket No. RPU 88-6**

*IntraLATA Competition in Iowa*

On Behalf of MCI

Direct

September 1, 1988

**Before the Kansas Corporation Commission**

**Docket No. 04-L3CT-1046-ARB**

*In the Matter of Arbitration Between Level 3 Communications LLC and SBC Communications*

On Behalf of Level 3 Communications, LLC

Direct

August 31, 2004

**Before the Kansas Corporation Commission**

**Docket No. 181,097-U**

*General Investigation into IntraLATA Competition within the State of Kansas*

On Behalf of MCI

Direct

June 10, 1992

Rebuttal

September 16, 1992

**Before the Kentucky Public Service Commission**

**Case No. 2000-477**

*Petition of Adelphia Business Solutions for Arbitration with BellSouth*

On Behalf of Adelphia

Direct

January 12, 2001

**Before the Kentucky Public Service Commission**

**Case No. 2000-404**

*Petition of Level 3 Communications, LLC for Arbitration with BellSouth*

On Behalf of Level 3

Direct

December 21, 2000

**Before the Kentucky Public Service Commission**

**Administrative Case No. 323**

*Phase I: An Inquiry into IntraLATA Toll Competition, an Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality*

On Behalf of MCI

Direct

May 20, 1993

**Before the Louisiana Public Service Commission**

**Docket No. U-25301**

*Petition of Adelphia Business Solutions for Arbitration with BellSouth*

On Behalf of Adelphia

Direct

December 28, 2000

Rebuttal

January 5, 2001

**Before the Maryland Public Service Commission**

**Case No. 8879**

*Rates for Unbundled Network Elements Pursuant to the Telecommunications Act of 1996*

Testimony on behalf of the Staff of the Public Service Commission of Maryland

Rebuttal

September 5, 2001

Surrebuttal

October 15, 2001

**Before the Maryland Public Service Commission**

**Case No. 8585**

*Competitive Safeguards Required re C&P's Centrex Extend Service*

On Behalf of MCI

Rebuttal

June 2, 1994

**Before the Maryland Public Service Commission**

**Case No. 8585**

*Re Bell Atlantic Maryland, Inc.'s Transmittal No. 878*

On Behalf of MCI

Direct

May 19, 1994

**Before the Maryland Public Service Commission**

**Case No. 8585**

*Competitive Safeguards Required re C&P's Centrex Extend Service*

On Behalf of MCI

Direct

November 12, 1993

Rebuttal

January 14, 1994

**Before the Massachusetts Department of Telecommunications and Energy**

**D.P.U. 93-45**

*New England Telephone Implementation of Interchangeable NPAs*

On Behalf of MCI

Direct

April 22, 1993

Rebuttal

May 10, 1993

**Before the Michigan Public Service Commission**

**Case No. U-15230**

*Complaint and Application for Emergency Relief by Neutral Tandem Inc. for Interconnection with Level 3 Communications*

On Behalf of Level 3

Direct

June 26, 2007

**Before the Michigan Public Service Commission**

**Case No. U-14152**

*Petition of Level 3 Communications LLC for Arbitration with SBC Michigan*

On Behalf of Level 3 Communications, LLC

Direct

June 1, 2004

**Before the Michigan Public Service Commission**

**Case No. U-12528**

*In the Matter of the Implementation of the Local Calling Area Provisions of the MTA*

On Behalf of Focal Communications, Inc.

Rebuttal

September 27, 2000

**Before the Michigan Public Service Commission**

**Case No. U-12460**

*Petition of Level 3 Communications for Arbitration to Establish an Interconnection Agreement with Ameritech Michigan*

On Behalf of Level (3) Communications, LLC

Direct

June 8, 2000

**Before the Michigan Public Service Commission**

**Case No. U-12321**

*AT&T Communications of Michigan, Inc. Complainant v. GTE North Inc. and Contel of the South, Inc., d/b/a GTE Systems of Michigan*

On Behalf of AT&T.

Direct (Adopted Testimony of Michael Starkey)

February 16, 2000

Rebuttal

May 11, 2000

**Before the Michigan Public Service Commission**

**Case No. U-10138 (Reopener)**

*MCI v Michigan Bell and GTE re IntraLATA Equal Access*

On Behalf of MCI

Direct

July 22, 1993

**Before the Michigan Public Service Commission**

**Case No. U-10138**

*MCI v Michigan Bell and GTE re IntraLATA Equal Access*

On Behalf of MCI

Direct

July 31, 1992

Rebuttal

November 17, 1992

**Before the Michigan Public Service Commission**

**Case No. U-8987**

*Michigan Bell Telephone Company Incentive Regulation Plan*

On Behalf of MCI

Direct

June 30, 1989

**Before the Michigan Public Service Commission**

**Case Nos. U-9004, U-9006, U-9007 (Consolidated)**

*Industry Framework for IntraLATA Toll Competition*

On Behalf of MCI

Direct

September 29, 1988

Rebuttal

November 30, 1988

**Before the Minnesota Public Utilities Commission**

**Docket No. P-5733/C-07-296**

*In the Matter of a Complaint and Request for Expedited Hearing of Neutral Tandem, Inc. Against Level 3 Communications, LLC & In the Matter of the Application of Level 3 Communications, LLC to Terminate Services to Neutral Tandem, Inc. (Consolidated)*

On Behalf of Level 3

Direct

June 14, 2007

Reply

July 24, 2007

**Before the Minnesota Public Utilities Commission**

**Docket No.: P-999/CI-03-961**

*In the Matter of the Commission Investigation into ILEC Unbundling Obligations as a Result of the Federal Triennial Review Order*

On Behalf of WorldCom, Inc. (MCI)

Direct

January 23, 2004

**Before the Minnesota Public Utilities Commission**

**Docket Nos. P-442, 421, 3012/M-01-1916; P-421/C1-01-1375; OAH Docket No. 12-2500-14490**

*Commission Investigation of Qwest's Pricing of Certain Unbundled Network Elements*

On Behalf of McLeod USA Telecommunications Services, Inc., Eschelon Telecom of Minnesota, Inc., US Link, Inc., Northstar Access, LLC, Otter Tail Telecomm LLC, VAL-Ed Joint Venture, LLP, dba 702 Communications

Rebuttal

April 18, 2002

**Before the Minnesota Public Utilities Commission**

**Docket No. P-999/R-97-609**

*Universal Service Group*

On Behalf of MCI WorldCom, Inc. and AT&T Communications

Comments

September 28, 1999

**Before the Minnesota Public Utilities Commission**

*USWC OSS Workshop; re OSS Issues*

On Behalf of MCI WorldCom, Inc.

Comments

September 14-16, 1999

**Before the Minnesota Public Utilities Commission**

**Docket No. P-442, 421/M-96-855; P-5321, 421/M-96-909; and P-3167, 421/M-96-729**

**(consolidated)**

*Petition for Arbitration with US WEST Communications, Inc*

On Behalf of MCI

Direct

September 20, 1996

Rebuttal

September 30, 1996

**Before the Minnesota Public Utilities Commission**

**Docket Nos. P-999/CI-85-582, P-999/CI-87-697 and P-999/CI-87-695**

*In the Matter of an Investigation into IntraLATA Equal Access and Presubscription; Comments of MCI on the Report of the Equal Access and Presubscription Study Committee*

On Behalf of MCI

Comments

September 7, 1993

**Before the Minnesota Public Utilities Commission**

**Docket No. P\_421/CI\_86\_88**

*Summary Investigation into Alternative Methods for Recovery of Non-traffic Sensitive Costs*

On Behalf of MCI

Comments to the Commission

January 30, 1987

**Before the Mississippi Public Service Commission**

**Docket No. 2000-AD-846**

*Petition of Adelphia Business Solutions for Arbitration with BellSouth Telecommunications*

On Behalf of Adelphia

Direct

February 2, 2001

Rebuttal

February 16, 2001

**Before the Montana Public Service Commission**

**Docket No. D97.10.191**

*Application of WorldCom, Inc. for Approval to Transfer Control of MCI Communications Corporation to WorldCom, Inc.*

On Behalf of MCI

Rebuttal

May 12, 1998

Amended Rebuttal

June 1, 1998

**Before the Montana Public Service Commission**

**Docket No. 88.1.2**

*Rate Case of Mountain States Telephone and Telegraph Company*

On Behalf of MCI

Direct

September 12, 1988

**Before the Montana Public Service Commission**

**Docket No. 86.12.67**

*Rate Case of AT&T Communications of the Mountain States, Inc.*

On Behalf of MCI

Direct

May 1, 1987

**Before the Nebraska Public Service Commission**

**Application No. C-749**

*Application of United Telephone Long Distance Company of the Midwest for a Certificate of Public Convenience and Necessity*

On Behalf of MCI

Direct

March 31, 1988

**Before the Nebraska Public Service Commission**

**Application No. C-627**

*Nebraska Telephone Association Access Charge Proceeding*

On Behalf of MCI

Direct

November 6, 1986

**Before the New Hampshire Public Utilities Commission**

**Docket No. DT 00-223**

*Investigation Into Whether Certain Calls are Local*

On Behalf of BayRing Communications

Direct

January 12, 2001

Rebuttal

April 5, 2002

**Before the New Hampshire Public Utilities Commission**

**Docket DE 93-003**

*Investigation into New England Telephone's Proposal to Implement Seven Digit Dialing for Intrastate Toll Calls*

On Behalf of MCI

Direct

April 30, 1993

**Before the New Jersey Board of Public Utilities**

**Docket Nos. TX90050349, TE92111047, and TE93060211**

*Petitions of MCI, Sprint and AT&T for Authorization of IntraLATA Competition and Elimination of Compensation*

On Behalf of MCI

Direct

April 7, 1994

Rebuttal

April 25, 1994

**Before the New Jersey Board of Public Utilities**

**Docket No. TX93060259**

*Notice of Pre-Proposal re IntraLATA Competition; Response to the Board of Regulatory Commissioners*

On Behalf of MCI

Comments

September 15, 1993

Reply Comments

October 1, 1993

**Before the New Mexico Public Regulation Commission**

**Case No. 06-00325-UT**

*Settlement Agreement*

On Behalf of the New Mexico Attorney General

Direct

December 15, 2006

**Before the New Mexico Public Regulation Commission**

**Case No. 05-00094-UT (Phase II)**

*In the Matter of the Implementation and Enforcement of Qwest Corporation's Amended Alternative Form of Regulation*

On Behalf of the New Mexico Attorney General

Direct

July 24, 2006

Direct (on proposed settlement agreement)

September 25, 2006

**Before the New Mexico Public Regulation Commission**

**Case No. 05-00466-UT**

*In the Matter of the Development of an Alternative Form of Regulation for Qwest Corporation*

On Behalf of the New Mexico Attorney General

Direct

February 24, 2006

Rebuttal

March 31, 2006

**Before the New Mexico Public Regulation Commission**

**Case No. 05-00484-UT**

*In the Matter of Level 3 Communications, LLC's Petition for Arbitration with Qwest Corporation*

On Behalf of Level 3

Direct

December 15, 2005

**Before the New Mexico Public Regulation Commission**

**Case No. 05-00094-UT**

*In the Matter of the Implementation and Enforcement of Qwest Corporation's Amended Alternative Form of Regulation*

On Behalf of the New Mexico Attorney General

Direct

December 5, 2005

**Before the New Mexico Public Regulation Commission**

**Case No. 05-00211-UT**

*In the Matter of a Notice of Inquiry to Develop a Rule to Implement House Bill 776, Relating to Access Charge Reform*

On Behalf of MCI

Oral Comments

September 14, 2005

**Before the New Mexico Public Regulation Commission**

**Case No. 00108-UT**

*Regarding Unfiled Agreements between Qwest Corporation and Competitive Local Exchange Carriers*

On Behalf of Time Warner Telecom

Direct

May 11, 2004

**Before the New Mexico Public Regulation Commission**

**Case Nos. 03-00403-UT and 03-00404-UT**

*Triennial Review Proceedings (Batch Hot Cut and Local Circuit Switching)*

On Behalf of WorldCom, Inc. (MCI).

Direct

February 9, 2004

**Before the New Mexico Public Regulation Commission**

**Utility Case No. 3495, Phase B**

*Consideration of Costing and Pricing Rules for OSS, Collocation, Shared Transport, Nonrecurring Charges, Spot Frames, Combination of Network Elements and Switching*

On Behalf of the Staff of the New Mexico Public Regulation Commission

Direct

September 16, 2002

**Before the New Mexico Public Regulation Commission**

**Docket No. 95-572-TC**

*Petition of AT&T for IntraLATA Equal Access*

On Behalf of MCI

Rebuttal

August 30, 1996

**Before the New Mexico Public Regulation Commission**

**Docket No. 87-61-TC**

*Application of MCI for a Certificate of Public Convenience and Necessity*

On Behalf of MCI

Direct

September 28, 1987

**Before the New York Public Service Commission**

**Case No. 07-C-0233**

*Petition of Neutral Tandem for Interconnection with Level 3 Communications, LLC and Request for Interim Order*

On Behalf of Level 3

Direct

March 23, 2007

**Before the New York Public Service Commission**

**Case No. 28425**

*Comments of MCI Telecommunications Corporation on IntraLATA Presubscription*

Reply Comments

April 30, 1992  
June 8, 1992

**Before the North Carolina Public Utilities Commission**

**Docket No. P-886, SUB 1**

*Petition of Adelphia Business Solutions or North Carolina, LP for Arbitration with BellSouth*

On Behalf of Adelphia

Direct

October 18, 2000

Rebuttal

December 8, 2000

**Before the North Carolina Public Utilities Commission**

**Docket No. P779 SUB4**

*Petition of Level (3) Communications, LLC for Arbitration with Bell South*

On Behalf of Level (3) Communications, LLC

Direct

August 4, 2000

Rebuttal

September 18, 2000

**Before the North Dakota Public Service Commission**

**Case No. PU-05-451**

*Midcontinent Communications v. North Dakota Telephone Company*

On Behalf of Midcontinent

Direct

December 21, 2005

Rebuttal

January 16, 2006

**Before the North Dakota Public Service Commission**

**Case No. PU-2342-01-296**

*Qwest Corporation Price Investigation*

On Behalf of the CLEC Coalition (US Link, Inc., VAL-ED Joint Venture LLP d/b/a 702

Communications, McLeodUSA Telecommunications, Inc. and IdeaOne Telecom Group, LLC)

Direct

May 2, 2003

**Before the North Dakota Public Service Commission**

**Case No. PU-2065-02-465**

*Petition of Level 3 for Arbitration with SRT Communications Cooperative*

On Behalf of Level (3) Communications, LLC

Direct

December 4, 2002

**Before the North Dakota Public Service Commission**

**Case No. PU-2320-90-183**

*Implementation of SB 2320 -- Subsidy Investigation*

On Behalf of MCI

Direct

June 24, 1991

Rebuttal

October 24, 1991

**Before the Public Utilities Commission of Ohio**

**Case No. 04-35-TP-COI**

*In the Matter of the Implementation of the FCC's Triennial Review Regarding Local Circuit*

*Switching in the Cincinnati Bell Telephone Company's Mass Market*

On Behalf of AT&T

Direct

February 26, 2004

**Before the Oklahoma Corporation Commission**

**Cause No. 28713**

*Application of MCI for Additional CCN Authority to Provide IntraLATA Services*

On Behalf of MCI

Direct

April 2, 1992

Rebuttal

June 22, 1992

**Before the Oregon Public Utility Commission**

**Docket No. ARB 665**

*In the Matter of Level 3 Communications, LLC Petition for Arbitration with Qwest Corporation*

On Behalf of Level 3

Direct

August 12, 2005

Rebuttal

September 6, 2005

**Before the Oregon Public Utility Commission**

**Docket No. UM 1058**

*Investigation into the Use of Virtual NPA/NXX Calling Patterns*

On Behalf of Level (3) Communications, LLC

Comments/Presentation

November 6, 2002

**Before the Oregon Public Utility Commission**

**Docket No. ARB 9**

*Interconnection Contract Negotiations Between MCImetro and GTE*

On Behalf of MCI

Direct

October 11, 1996

Rebuttal

November 5, 1996

**Before the Oregon Public Utility Commission**

**Docket ARB3/ARB6**

*Petition of MCI for Arbitration with US WEST Communications, Inc*

On Behalf of MCI

Direct

September 6, 1996

**Before the Oregon Public Utility Commission**

**Docket No. AR 154**

*Administrative Rules Relating to the Universal Service Protection Plan*

On Behalf of MCI

Rebuttal

October 31, 1986

**Before the Oregon Public Utility Commission**

**Docket No. UT 17**

*Pacific Northwest Bell Telephone Company Business Measured Service*

On Behalf of the Public Utility Commissioner of Oregon

Direct

April 23, 1984

Rebuttal

May 7, 1984

**Before the Oregon Public Utility Commission**

**Docket No. UT 9**

*Pacific Northwest Bell Telephone Company Business Measured Service*

On Behalf of the Public Utility Commissioner of Oregon

Direct

October 27, 1983

**Before the Pennsylvania Public Utility Commission**

**Docket No. A-310190**

*Petition of Comcast Business Communications, LLC d/b/a Comcast Long Distance for Arbitration of an Interconnection Agreement with The United Telephone Company of Pennsylvania LLC d/b/a Embarq Pennsylvania Pursuant to Section 252 of the Federal Communications Act of 1934 as Amended, and Applicable State Law*

On Behalf of Comcast

Direct

June 6, 2008

Rebuttal

**Before the Pennsylvania Public Utility Commission**

**Docket Nos. A-310922F7003/A-310922F7038**

*Petition of Core Communications, Inc. for Arbitration of Interconnection Rates, Terms and Conditions with the RTCC, the PTA and the Frontier Companies*

On Behalf of Core

Direct

December 7, 2007

Rebuttal

February 5, 2008

Surrebuttal

March 4, 2008

**Before the Pennsylvania Public Utility Commission**

**Docket No. A-310922F7004**

*Petition of Core Communications, Inc. for Arbitration of Interconnection Rates, Terms and Conditions Pursuant to 47 USC §252(b) with Windstream Pennsylvania, Inc. f/k/a Alltell*

On Behalf of Core

Direct

August 17, 2007

Rebuttal

September 6, 2007

**Before the Pennsylvania Public Utility Commission**

**Docket No. A-310922F7002**

*Petition of Core Communications, Inc. for Arbitration with the United Telephone Company of Pennsylvania d/b/a Embarq*

On Behalf of Core

Direct

April 27, 2007

Rebuttal

June 4, 2007

**Before the Pennsylvania Public Utility Commission**

**Docket No. C-20028114**

*Level 3 Communications, LLC v. Marianna & Scenery Hill Telephone Company*

On Behalf of Level (3) Communications, LLC

Direct

September 5, 2002

**Before the Pennsylvania Public Utility Commission**

**Docket No. I-00940034**

*Investigation Into IntraLATA Interconnection Arrangements (Presubscription)*

On Behalf of MCI

Direct

December 9, 1994

**Puerto Rico Telecommunications Board**

**Case Nos. JRT-2008-AR-0001**

*Petition of Centennial Puerto Rico License Corp. for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Puerto Rico Telephone Company.*

On Behalf of Centennial Puerto Rico License Corp.

Direct

June 9, 2008

**Puerto Rico Telecommunications Board**

**Case Nos. JRT-2005-Q-0121, JRT-2005-Q-0128, JRT-2003-Q-0297, JRT-2004-Q-0068**

*Telefonica Larga Distancia de Puerto Rico, Inc., Worldnet Telecommunications, Inc., Sprint Communications Company, LP, and AT&T of Puerto Rico, Inc., v. Puerto Rico Telephone Company, Inc.*

On Behalf of Centennial Puerto Rico License Corporation

Direct

January 19, 2006

**Before the Rhode Island Public Utilities Commission**

**Docket No. 2089**

*Dialing Pattern Proposal Made by the New England Telephone Company*

On Behalf of MCI

Direct

April 30, 1993

**Before the South Carolina Public Service Commission**

**Docket No. 2000-516-C**

*Adelphia Business Solutions of South Carolina, Inc. Arbitration with BellSouth Telecommunications*

On Behalf of Adelphia

Direct

November 22, 2000

Rebuttal

December 14, 2000

**Before the South Carolina Public Service Commission**

**Docket No. 2000-0446-C**

*US LEC of South Carolina Inc. Arbitration with BellSouth Telecommunications*

On Behalf of US LEC

Direct

October 20, 2000

**Before the South Dakota Public Utilities Commission**

**Docket No. TC03-057**

*Application of Qwest to Reclassify Local Exchange Services as Fully Competitive*

On Behalf of WorldCom, Inc., Black Hills FiberCom and Midcontinent Communications

Direct

May 27, 2003

**Before the South Dakota Public Utilities Commission**

**Docket No. F-3652-12**

*Application of Northwestern Bell Telephone Company to Introduce Its Contract Toll Plan*

On Behalf of MCI

Direct

November 11, 1987

**Before the Tennessee Regulatory Authority**

**Docket No. 00-00927**

*Petition of Adelphia Business Solutions for Arbitration with BellSouth Telecommunications*

On Behalf of Adelphia

Direct

January 31, 2001

Rebuttal

February 7, 2001

**Before the Texas Public Utilities Commission**

**PUC Docket No. 35402**

*Petition of Comcast Phone of Texas, LLC for Arbitration with United Telephone Company of Texas, Inc. d/b/a Embarq Pursuant to Section 252 of the Federal Communications Act of 1934, as Amended, and Applicable State Laws.*

On Behalf of Comcast

Direct

April 14, 2008

Rebuttal

April 28, 2008

**Before the Texas Public Utilities Commission**

**PUC Docket No. 28821**

*Arbitration of Non-costing Issues for Successor Interconnection Agreement to the Texas 271 Agreement*

On Behalf of KMC Telecom III, LLC, KMC Telecom V, Inc. (d/b/a KMC Network Services, Inc.), and KMC Data, LLC

Direct

July 19, 2004

Rebuttal

August 23, 2004

**Before the Texas Public Utilities Commission**

**PUC Docket No. 26431**

*Petition of Level 3 for Arbitration with CenturyTel of Lake Dallas, Inc. and CenturyTel of San Marcos, Inc.*

On Behalf of Level (3) Communications, LLC

Direct

October 10, 2002

Reply

October 16, 2002

**Before the Texas Public Utilities Commission**

**PUC Docket No. 22441**

*Petition of Level 3 for Arbitration with Southwestern Bell Telephone Company*

On Behalf of Level (3) Communications, LLC

Direct

June 5, 2000

Rebuttal

June 12, 2000

**Before the Utah Public Service Commission**

**Docket No. 03-999-04**

*In the Matter of a Proceeding to Address Actions Necessary to Respond to the FCC's Triennial Review Order*

On Behalf of WorldCom, Inc. (MCI)

Direct

January 13, 2004

**Before the Utah Public Service Commission**

**Docket No. 00-999-05**

*In the Matter of the Investigation of Inter-Carrier Compensation for Exchanged ESP Traffic*

On Behalf of Level 3 Communications, LLP

Direct

February 2, 2001

**Before the Utah Public Service Commission**

**Docket No. 97-049-08**

*USWC Rate Case*

On Behalf of MCI

Surrebuttal

Revised Direct

September 3, 1997

September 29, 1997

**Before the Utah Public Service Commission**

**Docket No. 96-095-01**

*MCImetro Petition for Arbitration with USWC Pursuant to 47 U.S.C. Section 252*

On Behalf of MCI

Direct

Rebuttal

November 8, 1996

November 22, 1996

**Before the Utah Public Service Commission**

**Case No. 83-999-11**

*Investigation of Access Charges for Intrastate InterLATA and IntraLATA Telephone Services*

On Behalf of MCI

Direct

July 7, 1988

**Before the Utah Public Service Commission**

**Case No. 87-049-05**

*Petition of the Mountain State Telephone and Telegraph Company for Exemption from*

*Regulation of Various Transport Services*

On Behalf of MCI

Direct

November 16, 1987

**Before the Washington Utilities and Transportation Commission**

**Docket No. UT-033011**

*In the Matter of Washington Utilities and Transportation Commission, Petitioners, v. Advanced*

*Telecom Group, Inc., et al, Respondents*

On Behalf of Time Warner Telecom of Washington, LLC

Direct

September 13, 2004

**Before the Washington Utilities and Transportation Commission**

**Docket No. UT-030614**

*In the Matter of the Petition of Qwest Corporation for Competitive Classification of Basic*

*Exchange Telecommunications Services*

On Behalf of MCI, Inc.

Direct

Rebuttal

August 13, 2003

August 29, 2003

**Before the Washington Utilities and Transportation Commission**

**Docket No. UT-021569**

*Developing an Interpretive or Policy Statement relating to the Use of Virtual NPA/NXX Calling Patterns*

On Behalf of MCI, KMC Telecom, and Level (3) Communications, LLC

Workshop Participation

May 1, 2003

**Before the Washington Utilities and Transportation Commission**

**Docket No. UT-021569**

*Developing an Interpretive or Policy Statement relating to the Use of Virtual NPA/NXX Calling Patterns*

On Behalf of WorldCom, Inc. and KMC Telecom

Comments

January 31, 2003

**Before the Washington Utilities and Transportation Commission**

**Docket No. UT-023043**

*Petition of Level 3 for Arbitration with CenturyTel of Washington, Inc.*

On Behalf of Level (3) Communications, LLC

Direct

October 18, 2002

Rebuttal

November 1, 2002

**Before the Washington Utilities and Transportation Commission**

**Docket No. UT-003013, Part D**

*Continued Costing and Pricing of Unbundled Network Elements, Transport, and Termination*

On Behalf of WorldCom, Inc.

Direct

December 21, 2001

**Before the Washington Utilities and Transportation Commission**

**Docket No. UT-970325**

*Rulemaking Workshop re Access Charge Reform and the Cost of Universal Service*

On Behalf of MCI

Comments and Presentation

January 13, 1998

**Before the Washington Utilities and Transportation Commission**

**Docket No. UT-960338**

*Petition of MCImetro for Arbitration with GTE Northwest, Inc., Pursuant to 47 U.S.C.252*

On Behalf of MCI

Direct

October 11, 1996

Rebuttal

November 20, 1996

**Before the Washington Utilities and Transportation Commission**

**Docket No. U-88-2052-P**

*Petition of Pacific Northwest Bell Telephone Company for Classification of Services as Competitive*

On Behalf of MCI

Direct

September 27, 1988

**Before the West Virginia Public Service Commission**

**Case No. 97-1338-T-PC**

*Petition of WorldCom, Inc. for Approval to Transfer Control of MCI Communications Corporation to WorldCom, Inc.*

On Behalf of MCI

Rebuttal

June 18, 1998

**Before the West Virginia Public Service Commission**

**Case No. 94-0725-T-PC**

*Bell Atlantic - West Virginia Incentive Regulation Plan*

On Behalf of MCI

Direct

October 11, 1994

**Before the Wisconsin Public Service Commission**

**Docket No. 05-MA-135**

*Petition of Level 3 for Arbitration with Wisconsin Bell, Inc. d/b/a/ SBC Wisconsin*

On Behalf of Level (3) Communications, LLC

Direct

September 1, 2004

**Before the Wisconsin Public Service Commission**

**Docket No. 05-MA-130**

*Petition of Level 3 for Arbitration with CenturyTel*

On Behalf of Level (3) Communications, LLC

Direct

September 30, 2002

Reply

October 9, 2002

**Before the Wisconsin Public Service Commission**

**Docket No. 05-NC-102**

*Petition of MCI for IntraLATA 10XXX 1+ Authority*

On Behalf of MCI

Direct

April 3, 1992

**Before the Wisconsin Public Service Commission**

**Docket No. 05-TR-103**

*Investigation of Intrastate Access Costs and Intrastate Access Charges*

On Behalf of MCI

Direct

November 15, 1990

**Before the Wisconsin Public Service Commission**

**Docket No. 2180-TR-102**

*GTE Rate Case and Request for Alternative Regulatory Plan*

On Behalf of MCI

Direct

October 1, 1990

Rebuttal

October 15, 1990

**Before the Wisconsin Public Service Commission**

**Docket No. 6720-TR-104**

*Wisconsin Bell Rate Case*

On Behalf of MCI

Direct

April 16, 1990

**Before the Wisconsin Public Service Commission**

**Docket No. 05-TR-102**

*Investigation of Intrastate Access Costs, Settlements, and IntraLATA Access Charges*

On Behalf of MCI

Direct

December 1, 1989

**Before the Wisconsin Public Service Commission**

**Docket No. 6720-TI-102**

*Review of the WBI Rate Moratorium*

On Behalf of MCI

Direct

October 9, 1989

Rebuttal

November 17, 1989

**Before the Wisconsin Public Service Commission**

**Docket No. 05-TI-112**

*Disconnection of Local and Toll Services for Nonpayment -- Part A; Examination of Industry*

*Wide Billing and Collection Practices -- Part B*

On Behalf of MCI

Direct

July 5, 1989

Rebuttal

July 12, 1989

**Before the Wisconsin Public Service Commission**

**Docket No. 6720-TR-103**

*Investigation Into the Financial Data and Regulation of Wisconsin Bell, Inc.*

On Behalf of MCI

Rebuttal

May 11, 1989

**Before the Wisconsin Public Service Commission**

**Docket No. 05-NC-100**

*Amendment of MCI's CCN for Authority to Provide IntraLATA Dedicated Access Services*

On Behalf of MCI

Direct

May 1, 1989

**Before the Wisconsin Public Service Commission**

**Docket No. 6720-TI-102**

*Review of Financial Data Filed by Wisconsin Bell, Inc.*

On Behalf of MCI

Direct

March 6, 1989

**Before the Wisconsin Public Service Commission**

**Docket No. 05-TI-116**

*In the Matter of Provision of Operator Services*

On Behalf of MCI

Rebuttal

December 12, 1988

**Before the Wisconsin Public Service Commission**

**Docket No. 05-TR-102**

*Investigation of Intrastate Access Costs, Settlements, and IntraLATA Access Charges*

On Behalf of MCI

Direct

October 31, 1988

Rebuttal

November 14, 1988

**Before the Wyoming Public Service Commission**

*In the Matter of Level 3 Communications, LLC Petition for Arbitration with Qwest Corporation*

On Behalf of Level 3

Direct

September 8, 2005

Rebuttal

November 18, 2005

**Before the Wyoming Public Service Commission**

**Docket No. 9746 Sub 1**

*Application of MCI for a Certificate of Public Convenience and Necessity*

On Behalf of MCI

Direct

June 17, 1987

**Before the Wyoming Public Service Commission**

**Docket No. 72000-TC-97-99**

*In the Matter of Compliance with Federal Regulations of Payphones*

On Behalf of MCI

Oral Testimony

May 19, 1997

**Comments Submitted to the Federal Communications Commission and/or the Department of Justice**

Comments to the Department of Justice (Task Force on Telecommunications) on the Status of OSS Testing in Arizona and the USWC Collaborative on Behalf of MCI WorldCom, Inc.

November 9, 1999

Comments to FCC Staff of Common Carrier Bureau on the Status of OSS Testing in Arizona on Behalf of MCI WorldCom, Inc.

November 9, 1999

Presentation to FCC Staff on the Status of Intrastate Competition on Behalf of MCI.

February 16, 1995

Ameritech Transmittal No. 650

Petition to Suspend and Investigate on Behalf of MCI re Ameritech 64 Clear Channel Capability Service.

September 4, 1992

Ameritech Transmittal No. 578

Petition to Suspend and Investigate on Behalf of MCI re Ameritech Directory Search Service.

November 27, 1991

CC Docket No. 91-215

Opposition to Direct Cases of Ameritech and United (Ameritech Transmittal No. 518; United Transmittal No. 273) on Behalf of MCI re the introduction of 64 Kbps Special Access Service.

October 15, 1991

Ameritech Transmittal No. 562  
Petition to Suspend and Investigate on Behalf of MCI re Proposed Rates and Possible MFJ  
Violations Associated with Ameritech's OPTINET Reconfiguration Service (AORS).  
September 30, 1991

Ameritech Transmittal No. 555  
Petition to Suspend and Investigate on Behalf of MCI re Ameritech Directory Search Service.  
August 30, 1991

Ameritech Transmittal No. 526  
Petition to Suspend and Investigate on Behalf of MCI re Proposed Flexible ANI Service.  
April 17, 1991

Ameritech Transmittal No. 518  
Petition to Suspend and Investigate on Behalf of MCI re Proposed Rates for OPTINET 64 Kbps  
Service.  
March 6, 1991

**Selected Reports, Presentations and Publications**

CLE International 10<sup>th</sup> Annual Conference, "Telecommunications Law," "Technology Update –  
The State of Wireless Technologies in Canada – A Comparison of Wireless Technologies in  
Canada and the United States of America."  
December 13-14, 2007

"The State of Wireless Technologies in Canada – A Comparison of Wireless Technologies in  
Canada and the United States of America"; Presented to Bell Canada Enterprises.  
May 25, 2007.

CLE International 8<sup>th</sup> Annual Conference, "Telecommunications Law," "VoIP and Brand X –  
Legal and Regulatory Developments."  
December 8-9, 2005

QSI Technical Report No. 012605A "IP-Enabled Voice Services: Impact of Applying Switched  
Access Charges to IP-PSTN Voice Services"  
*Ex Parte filing in FCC dockets WC Dockets No. 04-36 (In the Matter of IP-Enabled Services),  
03-266 (In the Matter of Level 3 Communications LLC Petition for Forbearance Under 47 U.S.C.  
§ 160(c) from Enforcement of 47 U.S.C. § 251(g), Rule 51.701(b)(1), and Rule 69.5(b); IP  
Enabled Services)*  
Washington DC, January 27, 2005

QSI Report to the Wyoming Legislature "The Wyoming Universal Service Fund. *An Evaluation  
of the Basis and Qualifications for Funding*" December 3, 2004.

Presentation to the Iowa Senate Committee Regarding House Study Bill 622/Senate Study Bill  
3035; Comments on Behalf of MCI  
February 19, 2004

National Association of Regulatory Utility Commissioners Summer Committee Meetings;  
Participated in Panel regarding "Wireless Substitution of Wireline – Policy Implications."  
July 25, 2003

Seminar for the New York State Department of Public Service entitled "Emerging Technologies and Convergence in the Telecommunications Network". Presented with Ken Wilson of Boulder Telecommunications Consultants, LLC  
February 19-20, 2003

"Litigating Telecommunications Cost Cases and Other Sources of Enlightenment"; Educational Seminar for State Commission and Attorney General Employees on Litigating TELRIC Cases; Denver, Colorado.  
February 5-6, 2002

Illinois; Presentation to the Environment & Energy Senate Committee re Emerging Technologies and Their Impact on Public Policy, on Behalf of MCI WorldCom, Inc.  
March 8, 2000

"Interpreting the FCC Rules of 1997"; The Annenberg School for Communication at the University of Southern California; Panel Presentation on Universal Service and Access Reform.  
October 23, 1997

"NECA/Century Access Conference"; Panel Presentation on Local Exchange Competition.  
December 13-14, 1995

"TDS Annual Regulatory Meeting"; Panel Presentation on Local Competition Issues.  
August 29, 1995

"Phone+ Supershow '95"; Playing Fair: An Update on IntraLATA Equal Access; Panel Presentation.  
August 28-30, 1995

"The LEC-IXC Conference"; Sponsored by Telecommunications Reports and Telco Competition Report; Panel on Redefining the IntraLATA Service Market -- Toll Competition, Extended Area Calling and Local Resale.  
March 14-15, 1995

The 12th Annual National Telecommunications Forecasting Conference; Represented IXCs in Special Town Meeting Segment Regarding the Convergence of CATV and Telecommunications and other Local Competition Issues.  
May 23-26, 1994

TeleStrategies Conference -- "IntraLATA Toll Competition -- Gaining the Competitive Edge"; Presentation on Carriers and IntraLATA Toll Competition on Behalf of MCI.  
May 13-14, 1993

NARUC Introductory Regulatory Training Program; Panel Presentation on Competition in Telecommunications on Behalf of MCI.  
March 14-17, 1993

TeleStrategies Conference -- "IntraLATA Toll Competition -- A Multi-Billion Dollar Market Opportunity." Presentations on the interexchange carriers' position on intraLATA dialing parity and presubscription and on technical considerations on behalf of MCI.  
December 2-3, 1992

North Dakota Association of Telephone Cooperatives Summer Conference, July 8-10, 1992.  
Panel presentations on "Equal Access in North Dakota: Implementation of PSC Mandate" and "Open Network Access in North Dakota" on Behalf of MCI.  
July 9, 1992

TeleStrategies Conference -- "Local Exchange Competition: The \$70 Billion Opportunity."  
Presentation as part of a panel on "IntraLATA 1+ Presubscription" on Behalf of MCI.  
November 19, 1991

Wisconsin Public Utility Institute -- Telecommunications Utilities and Regulation Course; May 13-16, 1991; Participated in IntraLATA Toll Competition Debate on Behalf of MCI.  
May 16, 1991

Michigan; Presentation to the Michigan Senate Technology and Energy Commission and the House Public Utilities Committee re MCI's Building Blocks Proposal and SB 124/HB 4343.  
May 15, 1991

Wisconsin; Comments Before the Wisconsin Assembly Utilities Committee Regarding the Wisconsin Bell Plan for Flexible Regulation, on Behalf of MCI.  
May 16, 1990

Michigan; Presentation to the Michigan Senate Technology and Energy Committee re SB 124 on behalf of MCI.  
March 20, 1991

Illinois Telecommunications Sunset Review Forum; Two Panel Presentations: Discussion of the Illinois Commerce Commission's Decision in Docket No. 88-0091 for the Technology Working Group; and, Discussion of the Treatment of Competitive Services for the Rate of Return Regulation Working Group; Comments on Behalf of MCI.  
October 29, 1990

Wisconsin Public Utility Institute -- Telecommunications Utilities and Regulation; May 14-18, 1990; Presentation on Alternative Forms of Regulation.  
May 16, 1990

Michigan; Presentation Before the Michigan House and Senate Staff Working Group on Telecommunications; "A First Look at Nebraska, Incentive Rates and Price Caps," Comments on Behalf of MCI.  
October 30, 1989

National Association of Regulatory Utility Commissioners -- Summer Committee Meeting, San Francisco, California. Panel Presentation -- Specific IntraLATA Market Concerns of Interexchange Carriers; Comments on Behalf of MCI.  
July 24, 1989

Wisconsin Public Utility Institute -- Telecommunications Utilities and Regulation; May 15-18, 1989; Panel Presentation -- Interexchange Service Pricing Practices Under Price Cap Regulation; Comments on Behalf of MCI.  
May 17, 1989

Minnesota; Senate File 677; Proposed Deregulation Legislation; Comments before the House Committee on Telecommunications.  
April 8, 1987

**Exhibit TJG-2:**  
**Raymond James Rural ILEC Study**

# Telecommunications Services

## Wireline

Industry Report

**EQUITY**  
**RESEARCH**

June 20, 2008

Frank G. Louthan IV  
(404) 442-5867  
Frank.Louthan@RaymondJames.com

Jason Fraser  
Senior Research Associate  
(404) 442-5804

## Statistical Analysis of Access Line Impact on ILEC Financial Results

- ◆ In this report, we look at the overall impact of access line losses on the financial results of the ILECs within our coverage universe. We continue to assert that there are many other factors driving these businesses beyond simple access line trends.
- ◆ We have applied linear regression analysis to the companies and the group going back five years to see where the relationships exist between access lines and the income statement, with some very interesting results. For the most part, access lines were statistically meaningful predictors of revenue; however this relationship was often an inverse one, implying revenue increased as access lines declined. The relationship to EBITDAS and FCF, however, was usually not very strong, making access line trends appear less meaningful to cash flow and dividend stability, in our opinion.
- ◆ Access line losses have displayed a limited impact on the reported results, as sales of unregulated services, special access, and broadband have continued to make up for the declines, and we expect the impact of increasing demand related to wireless backhaul to further insulate the ILECs from lost primary line revenue. For this reason we focused on reported results and not ARMIS data, which believe is misleading.
- ◆ Increased demand for data from businesses in their territory (25% to over 50% of their business) has also offset residential access line losses. As xDSL matures, revenue offsets may be more difficult and could negatively change the revenue and profitability characteristics of the ILECs going forward.
- ◆ Overall, we believe historical trends suggest access lines should not be the sole measure of wireline carriers' business direction, as average revenue per line has consistently trended up as access lines decline, with positive mix-shifts, up selling, and regulatory factors keeping revenue flat to up over the same period. We believe the data we highlight in our report supports this thesis.
- ◆ The companies with reliable data that demonstrate the least impact to revenue, EBITDAS, and FCF are Alaska, Cincinnati Bell, Consolidated Communications and CenturyTel.
- ◆ We note the RBOCs are largely excluded from this report due to a lack of accurate pro-forma data for acquisitions. Additionally, they are highly diversified into enterprise and wireless, making line losses less meaningful, in our opinion. We believe this industry continues to demonstrate positive characteristics beyond access line trends that are keeping models stable, and we encourage investors to consider these trends in analyzing these companies.

Please read disclosure/risk information on page 23 and Analyst Certification on page 24.

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### ***Access Line Trends: Not What They Seem to Be***

In this report, we examine the relationships between access lines and telecom companies' financials through the use of linear regressions and scatter plots. In the past, access lines have been viewed as either the key determinant of financial results, or at least one of the most critical factors, with financial models driven by access line trends. Having financial models built on access lines has been troubling to investors over the past six or seven years as access lines have continued to decline. Much to everyone's amazement, the resulting revenue and EBITDAS stability and FCF growth have been quite puzzling, and while we have asserted for several years that access lines have less to do with driving the model than investors think, this has largely been an argument based on our observance of the continued financial stability while lines decline and ARPU steadily grows. Our data suggest that in many instances, the ability of access lines to explain the variance in revenue and cash flow is low or even negative, as we discuss later, implying access lines were not the determinant we had previously thought, or companies have diversified significantly enough to offset the impact of decreasing access lines. These are the questions that form the basis for this report.

In order to determine which parts of the financial results were potentially driven by access lines and to what degree, we ran linear regressions of access lines on a variety of metrics, including: revenue, EBITDAS, operating income, capital expenditures, and levered free cash flow per share. After that data was collected, the output for the linear regressions supplied us with standard regression statistics (multiple R,  $R^2$ , adjusted  $R^2$ , and standard error) along with an ANOVA table (regression coefficients, t-stat, p-value, sum of squares, confidence interval, and mean sum of squares), which we used to evaluate the relationships between access lines and the other data fields.

We found that the relationships that made the most sense to focus on were revenue, EBITDAS, and FCF, and we utilized Multiple R (correlation),  $R^2$  (% of variation explained by variable), and the p-value to determine the amount of variation in these lines due to access line trends. We used a p-value of .05 for the purpose of statistical significance, while Multiple R and  $R^2$  describe how closely related the two data categories are, with the multiple R ranging from -1.0 to 1.0.

Second, using the most recent 21 quarters of reported financial data from the categories above we constructed scatter plots for each relationship between the financial data and access lines across the companies we cover. Trend lines were fitted to each of the graphs along with the equation of the line, giving a visual representation of two data series. The trend line takes the relationship between the two data series into consideration and allows prediction of future data points. Scatter plots are essentially a graphical version of the correlation or multiple R.

Third, for well diversified companies such as Cincinnati Bell (CBB) and Alaska (ALSK) we also show the regression results that exclude the wireless segment for revenue, EBITDAS, and levered free cash flow in order to get a clearer picture on the relationship between the data and access lines purely from a wireline perspective. We are interested in how the line losses impact the wireline business mainly, but this does not tell the whole story, as the wireless businesses are inherently supported by the wireline network. It is important to note that wireless and other operations are key tenants of our diversification thesis, and the resulting statistical analysis supports this view. Scatter plots and trend lines were constructed for this data, and we adjusted some outlying data points and made some adjustments for divested divisions and unusual one time items, which, in our opinion, gave us a better view of the company with regards to its current and future operations. We chose to leave current CLEC operations and CLEC lines in our model as we view

these as one of the few areas of the wireline infrastructure where we can more easily observe an alternative use of the historical incumbent local exchange carrier (ILEC) investment (we suspect there are many others we are less able to observe, as we will discuss later in this report).

We have looked at the industry in various formats, with regressions run on a variety of factors across individual companies, sub-groups, and modifications of the companies to exclude divested assets as well as to exclude wireless where appropriate. We believe that removing wireless in many cases gives an interesting picture into the core wireline operations, as this is the part of the model that we believe comes into question the most, but keeping in mind the inherent diversification wireless brings and is likely to continue to bring in the future.

We focused these regressions on reported financial data as we believe this is the data that investors are basing decisions on. Several flavors of more regulatory related data exist, such as ARMIS data filed at the FCC, but we view Automated Reporting Management Information System (ARMIS) data as having little value. These figures are related to the regulated portion of the ILEC only, thus excluding significant (and permanent) lines of business. We also point out that the ILECs have a motivation to use FCC filing rules to their advantage, making the data look as bad for them as possible as they pursue additional regulatory relief. Therefore, we believe audited financial data from quarterly reports is appropriate for investment decisions.

Lastly, the results for Verizon (VZ) are excluded from this analysis, and only limited data from AT&T (T) is included. The primary reason for this is the data we have for these companies on a pro forma basis (adjusting for acquisitions: AT&T, MCI, AT&T Wireless, and BellSouth primarily, and divestitures: Idearc, international assets, etc.) is limited to the last three years, which does not give us enough data points to make a regression that we can have high confidence in. Similarly, the data we show for Embarq (EQ) is also less reliable due to only having 11 periods of pro-forma data where 20 periods are needed for reliable output. We have shown some AT&T and Embarq regressions later in this report for illustration, but the conclusions drawn in this report are primarily useful in analyzing the smaller carriers where access line trends are more critical. We also point out that it is quite apparent that AT&T and Verizon have significantly diversified away from residential business, and it does appear to be consensus opinion that they are primarily enterprise and wireless plays, making the regulated ILEC portion of its business less relevant to the entire company. The results are very interesting, and we have them summarized later in the report.

#### **Statistical Measures and Definitions Used in This Report**

In analyzing the data, we used the output for the linear regressions, standard regression statistics (multiple R,  $R^2$ , adjusted  $R^2$ , and standard error) along with an ANOVA table (regression coefficients, t-stat, p-value, sum of squares, confidence interval, and mean sum of squares), which we used to evaluate the relationships between access lines and the other data fields. Multiple R is the correlation coefficient which measures the tendency of two variables to move together. It is also the square root of  $R^2$  or coefficient of determination. This describes how much of the variance in the financial metrics is explained by access lines. We use an  $R^2$  of 0.4 or higher as our marker for statistical relevance, which corresponds to access lines explaining 40% of the variance in revenue, EBITDAS, and FCF per share. The x variable regression coefficient describes the slope of the line and the relationship between access lines and revenue, EBITDAS, and FCF per share. We used a p-value of .05 for the purpose of statistical significance, while Multiple R and  $R^2$  describe how closely related the two data categories are, with the multiple R ranging from -1.0 to 1.0.

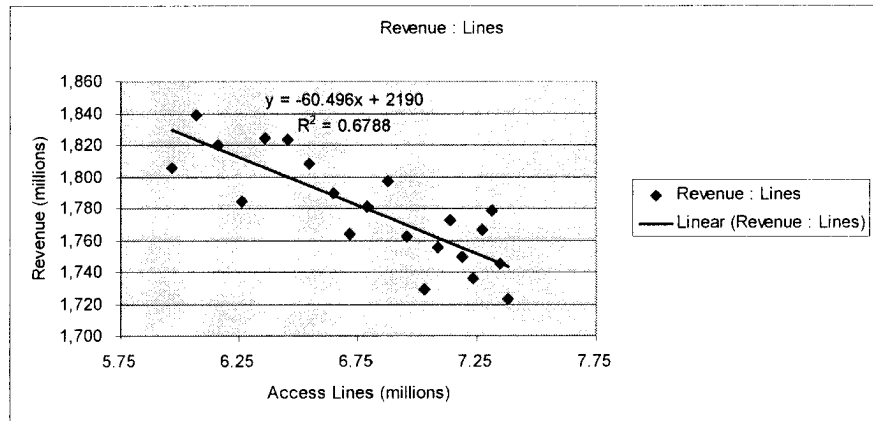
**ILECs in Aggregate**

In looking at the data for the ILECs, we ran a regression on total access lines and financial data for Alaska Communications Systems, Cincinnati Bell (CTL), Consolidated Communications (CNSL), CenturyTel (CTL), Citizens Communications, and Iowa Telecom (IWA) from 1Q03 through 1Q08 (comments on individual companies and the basis for the numbers we used are included in their individual sections later in this report). These companies were chosen because they all had a reliable set of 21 periods' data. The results tend to support our overall thesis that access lines are not driving the results of these companies to a significant degree.

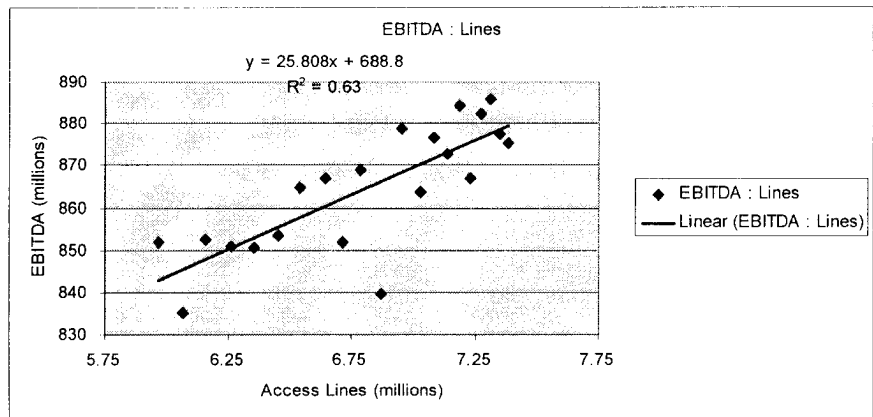
As demonstrated in the following tables, in aggregate, the  $R^2$  for access lines regressed on revenue was 0.68 but with a negative slope, implying access lines are a poor predictor of revenue in and of itself because it means revenue increases as access lines decline. When we go a step further and run the regression of access lines on EBITDAS (highly important due to the dividends paid and the survivability from an interest coverage and FCF perspective) the  $R^2$  goes to 0.63 with a positive slope, showing a good ability to explain trends in EBITDAS. The regression coefficient of 25.8 and p-value of  $31.8 \times 10^{-6}$  imply the data was statistically significant.

The individual companies showed a wider range of correlations, but we believe this aggregate regression does demonstrate that focusing on access lines would not appear to be the best way to assess the health and direction of the industry.

**ILEC Revenue**



**ILEC EBITDAS**



Source: Company reports and Raymond James estimates.

### What is Changing?

There are several factors that we believe to be at work within the space that are not directly related to access lines per se. First, the growth in overall data demand has benefited the rural ILECs to a large degree, just as it has for the RBOCs. With ILEC exposure to enterprise ranging from 25% to over 50%, the ability for data and enterprise demand to positively impact these carriers regardless of access line trends is significant. Citizens Communications has stated on its last two earnings calls that, over the past two years, it has replaced an average of 65% of the monthly revenue erosion due to access line losses with growth in enterprise data. Add to this xDSL, long distance growth, and other value added services (voice mail, caller ID, call waiting, etc.), and it is not hard to see how Citizens has maintained relatively stable results in the face of access line declines (for more on Citizens, see individual section later in this report). We do not have statistics like this from other carriers, but we would expect results to be relatively consistent, and would explain at least some of the lost revenue.

Somewhat related to this is wireless traffic growth, which is the flip-side of wireless substitution. Increasing wireless traffic drives wireless backhaul, helping the smaller ILECs. Most of these carriers do not have wireless units of their own anymore, (Alaska and Cincinnati Bell being notable exceptions, and recent advanced wireless service (AWS) and 700 MHz spectrum purchases by others have yet to demonstrate their business models) but they do provide virtually all of the special access circuits for tower backhaul in their markets, and in many cases fiber transport along their out-of-the-way fiber routes within their territory. We believe this has been a significant boost to their revenue and profitability, and with wireless data demand expected to continue, this trend should grow as well. These circuits are not usually visible in the access line counts, but they are clearly helping with top-line trends.

## Individual Company Results

The following sections depict our analysis of individual companies:

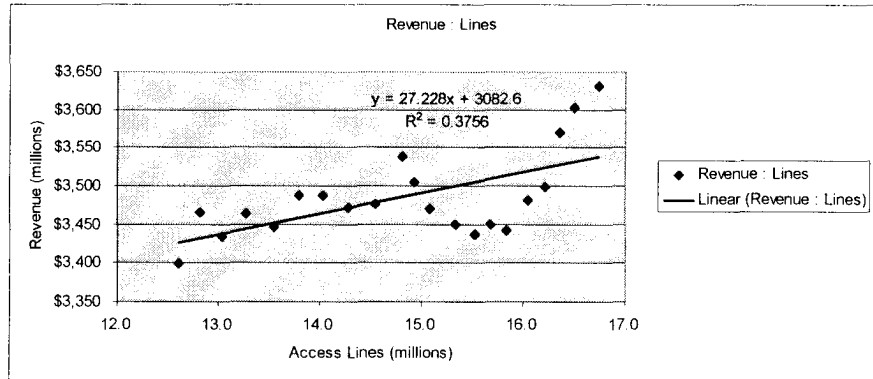
### Qwest

Qwest (Q) is an interesting example as it is relatively M&A free over the past few years, does not have wireless (making access lines more directly related to the majority of its business), and has more exposure to residential business, tempered by much less exposure to basic cable penetration within its territory than AT&T or Verizon. We also have some insight into Qwest Corp. from separate SEC filings that give us a partial view of what Qwest would look like as a stand alone RBOC. Corporate allocations and other factors keep this from being a clean picture, but it is interesting nonetheless.

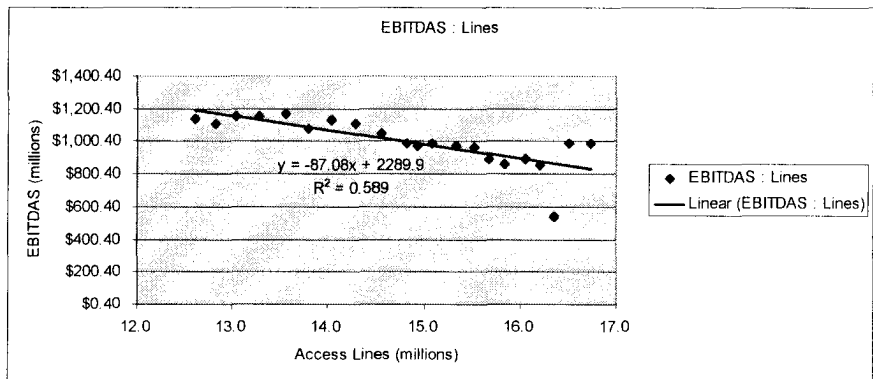
The regressions for Qwest tell us that access lines explain some of the variation of revenue for Qwest, with a regression coefficient of 27.2, as shown in the following table. This is significantly different than 0 given the F-statistic p-value of 0.003. EBITDAS, however, was not explained well by access lines with a -87.1 coefficient as cost cutting, xDSL growth, and increasing trends in revenue from classic Qwest (the long distance and out of region data business) as well as other improvements to the top line more than offset EBITDAS lost from access lines. The regression for Qwest tells us that access lines are not a strong predictor of revenue for Qwest, with an  $R^2$  of 0.376, as shown in the following table. EBITDAS, however, had a large portion of variation explained by changes in access lines with the  $R^2$  coming in at 0.589, but this is negatively correlated with multiple R of 0.77, implying that EBITDAS goes up as access lines decline.

This is partly explained by the increasing trends in revenue from classic Qwest (the long distance and out of region data business) as well as other improvements to the top line and cost controls that were growing alongside the trend in declining access lines. Overall, access lines appear to be accurate predictors of revenue but not EBITDAS for Qwest. Lastly, FCF was not explained well by access lines with a coefficient of -0.06 and an R<sup>2</sup> of 0.04

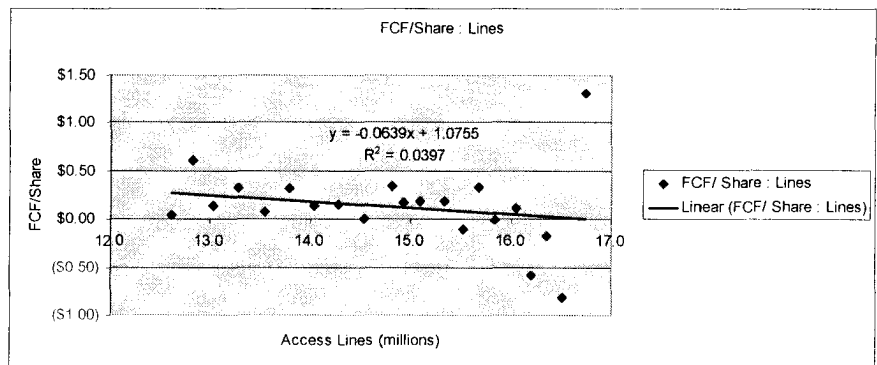
**Qwest Revenue**



**Qwest EBITDAS**



**Qwest FCF/Share**

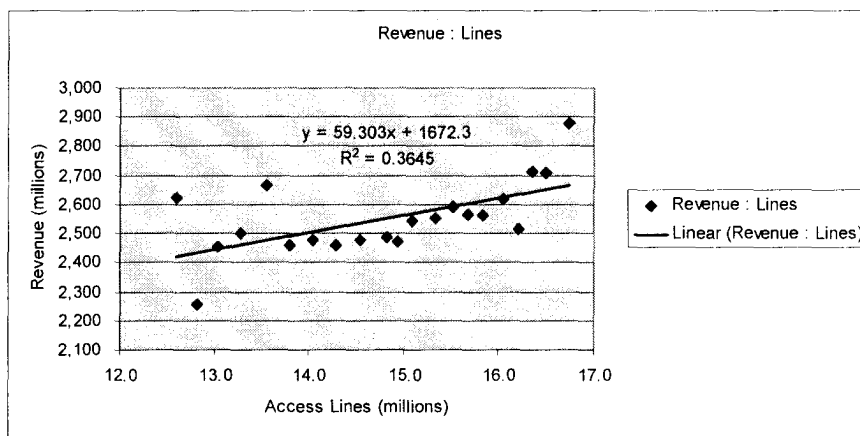


Source: Company reports and Raymond James estimates.

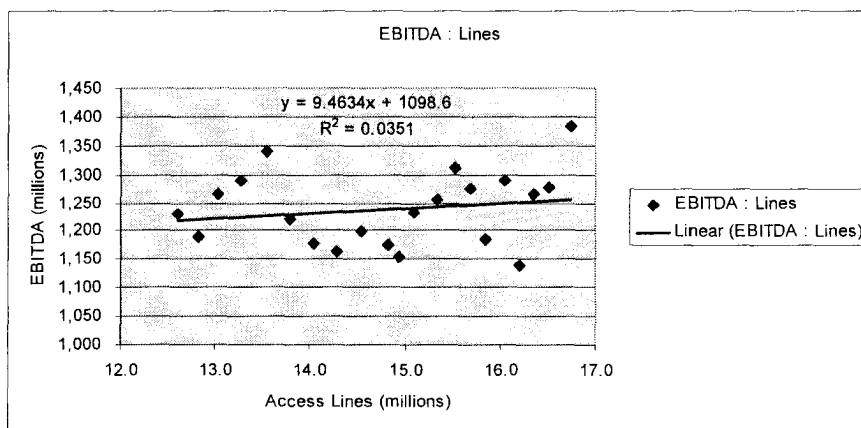
**Qwest Corp.**

The next slice would be to look at Qwest Corp. Here we get different results, with the R<sup>2</sup> for revenue only slightly better as the classic Qwest results are removed, coming in at 0.364. The EBITDAS, however, is not statistically significant (0.416) with an R<sup>2</sup> of 0.035. The regression for Qwest Corp. tells us that access lines explain more of the variation of revenue than in Qwest International, with a regression coefficient of 59.3, as shown in the table below. This is significantly different than 0 given the F-statistic p-value of 0.004. EBITDAS, however, was not explained well by access lines with a 9.5 coefficient and 0.42 P-value, and an R<sup>2</sup> of 0.035. Again, the cost allocations are somewhat arbitrary and difficult to get additional insight into, but we believe the negative coefficient on the Qwest International regression due to improvements in classic Qwest is removed by looking at this data, which is important. Either way, access lines appear to be accurate predictors of revenue but not for EBITDAS for Qwest.

**Qwest Corp. Revenue**



**Qwest Corp. EBITDAS**



Source: Company reports and Raymond James estimates.

**Wireless ILECs –  
 Alaska and Cincinnati  
 Bell**

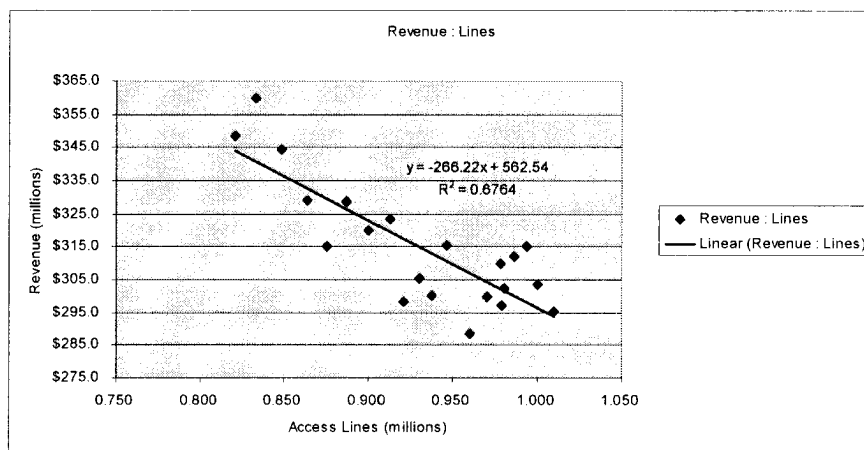
Next we look at two carriers that have significant wireless assets and are diversifying away from the residential business quickly. Alaska and Cincinnati Bell are often mentioned in the line-loss commentary as they appear to be islands in the middle of this storm, and the outcome is often assumed to be more dire for them than for other carriers.

**Cincinnati Bell**

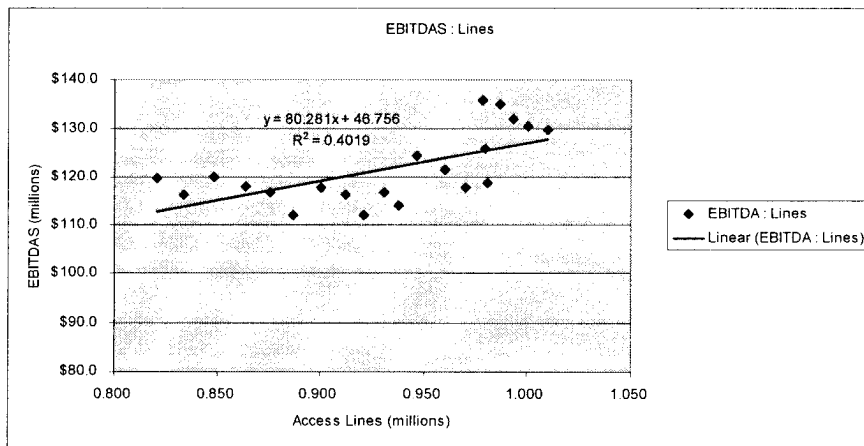
The regression for Cincinnati Bell tells us that access lines do not explain the variation of revenue for the company, with a regression coefficient of -266.2. EBITDAS however, was partially explained by access lines as the F-statistic P-value was 0.002 and a regression coefficient of 80.3. The R<sup>2</sup> of the two series stood at 0.676 for revenue, and 0.402 for EBITDAS, respectively. Overall, access lines appear to be poor predictors of revenue, but good predictors of EBITDAS for Cincinnati Bell.

We believe the negative slope is explained by wireless and data center trends that have been developing over the past five years, with Cincinnati Bell experiencing some declining wireless periods during the regression, while Alaska did not. We believe the data center revenue growth offset the revenue lost from access lines, but that EBITDAS declined given the superior margins of the access lines relative to the data center business. Lastly, FCF was partially explained by access lines with a coefficient of 0.97 and a p-value of 0.02 and an R<sup>2</sup> of .32

**Cincinnati Bell Revenue**

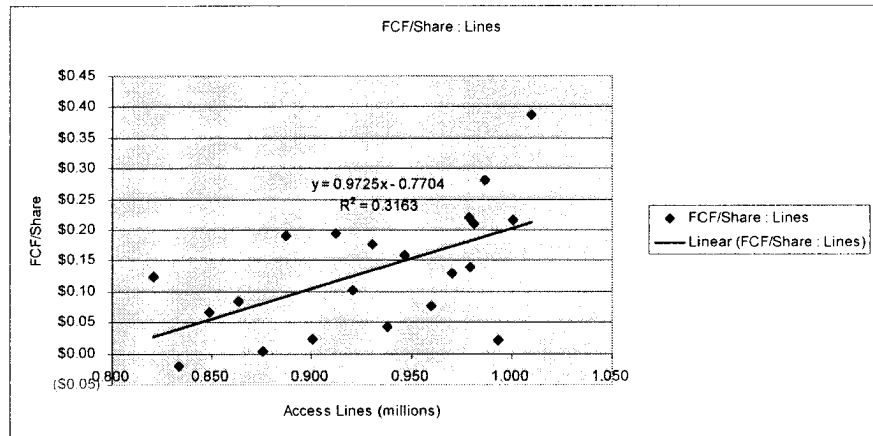


**Cincinnati Bell EBITDAS**



Source: Company reports and Raymond James estimates.

Cincinnati Bell FCF/Share



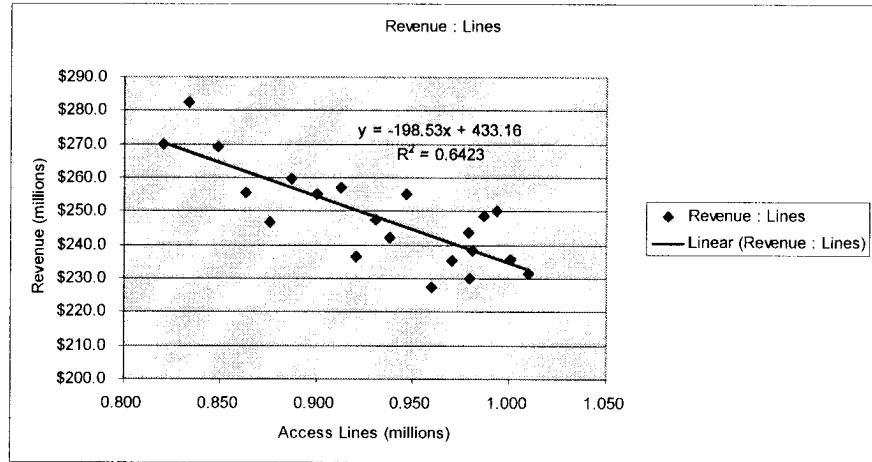
Source: Company reports and Raymond James estimates.

The regression for Cincinnati Bell (excluding wireless) tells us that access lines still do not explain the variation of revenue for the company, with a regression coefficient of -198.5, as shown in the following table. EBITDAS however, was partially explained by access lines as the F-statistic P-value was 0.031 and a coefficient of 46.6. The R<sup>2</sup> for the two series stood at 0.642 for revenue, and 0.223 for EBITDAS, respectively, implying a large percentage of wireline only revenue was inversely related to access lines, but not EBITDAS. Overall, access lines appear to be poor predictors of revenue, but good predictors of EBITDAS for Cincinnati Bell when the wireless unit is excluded. We believe the data center revenue growth offset the revenue lost from access lines, but that EBITDAS declined given the superior margins of the access lines relative to the data center business.

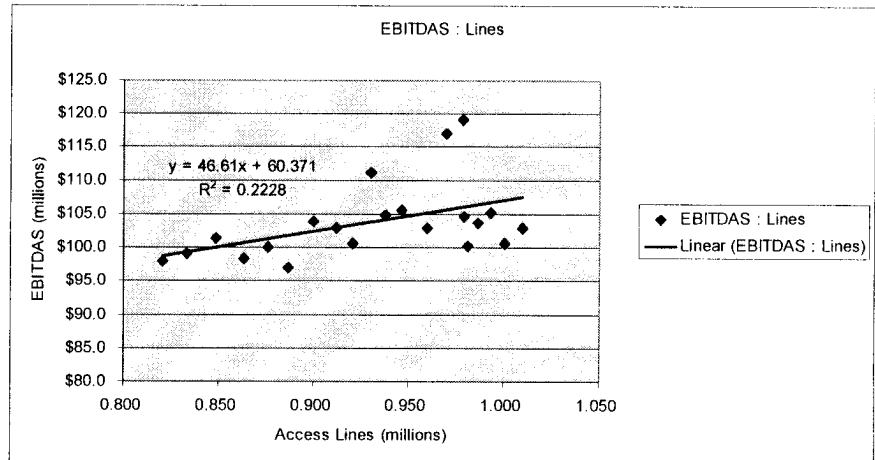
We believe this is due to cost controls and overall positive FCF trends over the past several years through debt refinancing and generally improved business, including the data center business. The general conclusion here is that Cincinnati Bell is diversifying away from the residential phone business, and that access lines are not driving this business to a large extent. We also believe it is a reflection of the company's ability to adjust its cost structure beyond commonly held views that it has a rigidly fixed cost structure. We believe this could be the case for many of the companies we cover.

**Cincinnati Bell -  
Excluding Wireless**

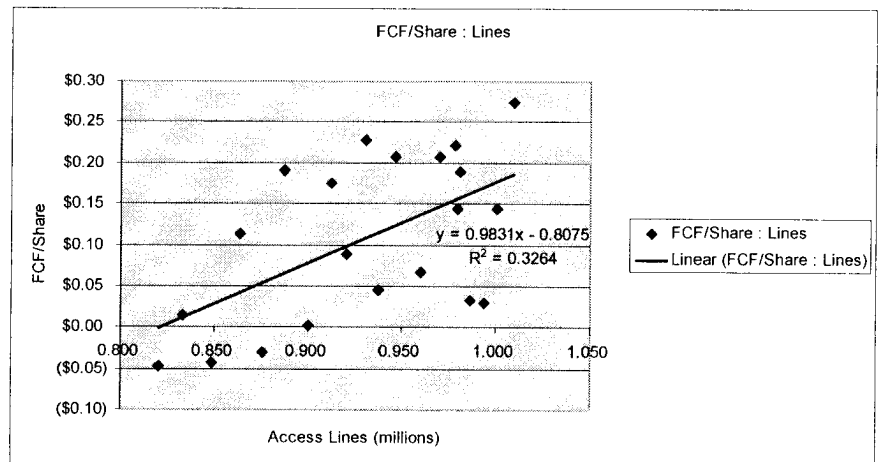
**Cincinnati Bell Wireline Revenue**



**Cincinnati Bell Wireline EBITDAS**



**Cincinnati Bell Wireline FCF/Share**



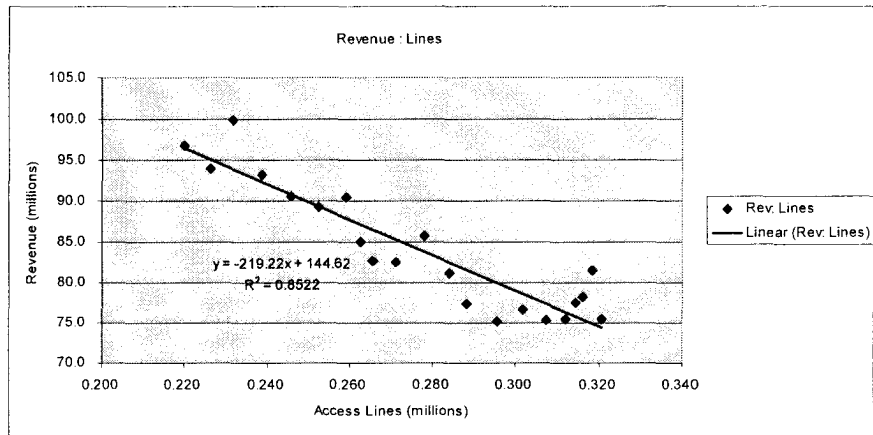
Source: Company reports and Raymond James estimates.

**Alaska**

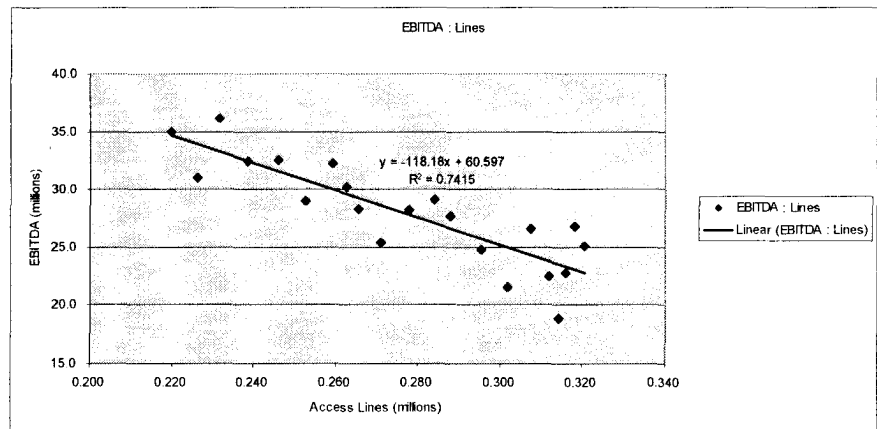
The regression for Alaska tells us that access lines don't explain the variation of revenue or EBITDAS for Alaska, with regression coefficients of -219.2 and -118.2 respectively, and with an R<sup>2</sup> of 0.85 for revenue and 0.74 for EBITDAS. Overall, access lines do not appear to be accurate predictors of revenue or EBITDAS, as wireless and data growth are overshadowing access line losses. However, it is negatively correlated, implying the counter intuitive concept that as access lines decline, revenue moves up nicely. We believe this is an interesting argument for looking at non-access line related revenue trends that are working below the surface.

Going forward, we believe data will continue to be a larger piece of wireline revenue and decrease the statistical relationship between lines and revenue, boosted by wireless related growth, which has been a strong driver of the business over the past few years. We do note that the results are not statistically significant for FCF per share, with the R<sup>2</sup> coming in at only 0.122

**Alaska Revenue**

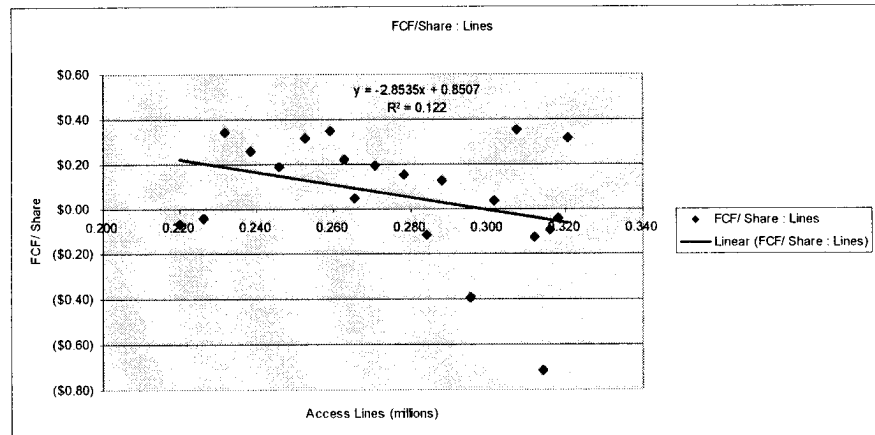


**Alaska EBITDAS**



Source: Company reports and Raymond James estimates.

### Alaska FCF/Share

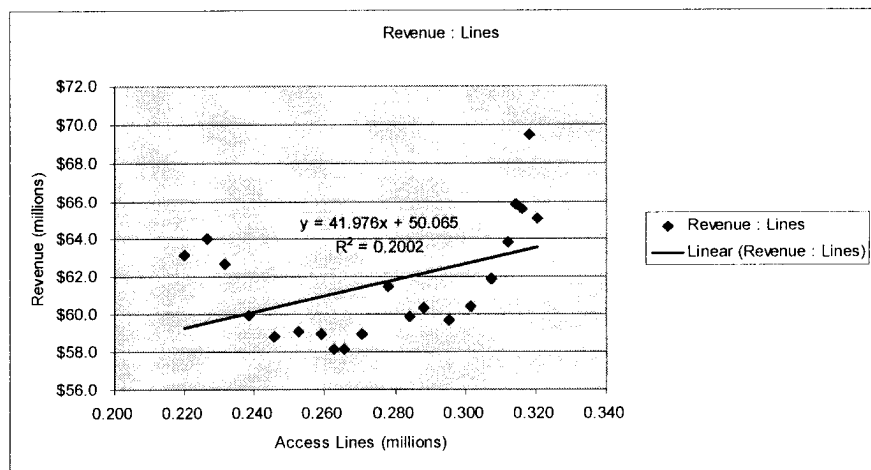


Source: Company reports and Raymond James estimates.

The regression for Alaska (excluding wireless) tells us that access lines partially explain the variation of revenue for Alaska, with a regression coefficient of 42.0. This is significantly different than 0 given the F-statistic p-value of 0.042. The  $R^2$  however, was only 0.2. However, the scatter plot indicates a divergence from the trend as recent growth in data is offsetting access line declines and causing overall revenue growth. EBITDAS was not explained well by access lines as the F-statistic P-value was 0.18 and an  $R^2$  of 0.09. Overall, access lines appear to be accurate predictors of revenue, historically, but not for EBITDAS for Alaska. Lastly, FCF was not explained well by access lines with a coefficient of 0.5, a 0.65 p-value and an  $R^2$  of 0.01.

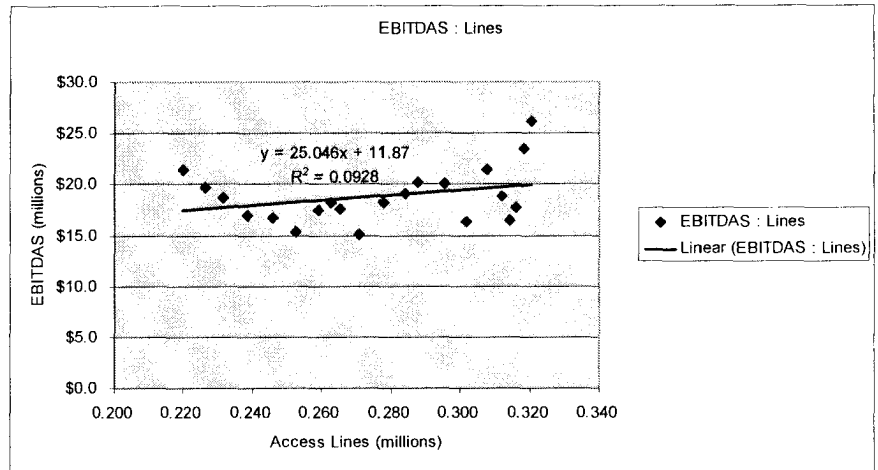
### Excluding Wireless

### Alaska Revenue Excluding Wireless

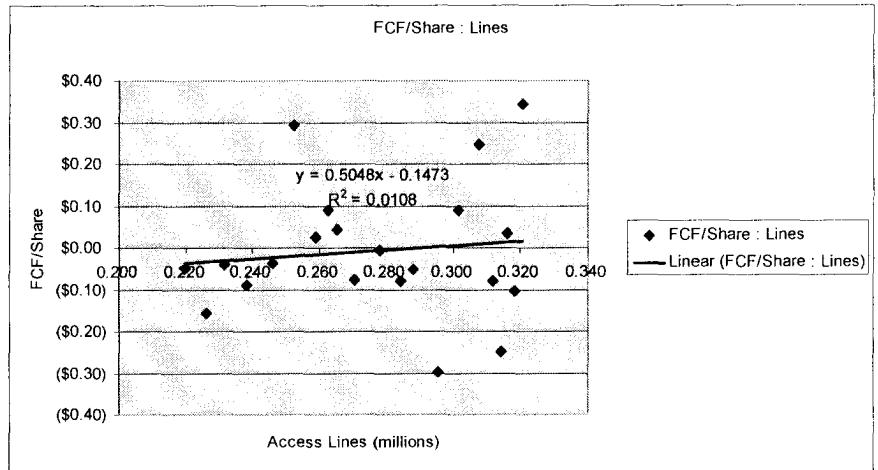


Source: Company reports and Raymond James estimates.

**Alaska EBITDAS Excluding Wireless**



**Alaska FCF/Share Excluding Wireless**



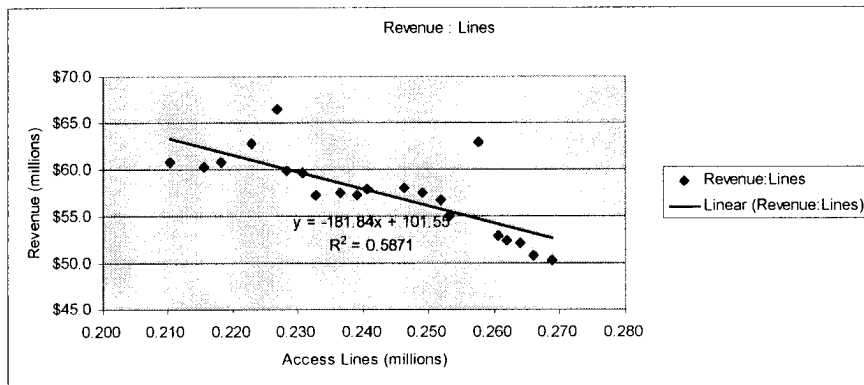
Source: Company reports and Raymond James estimates.

**Iowa Telecom**

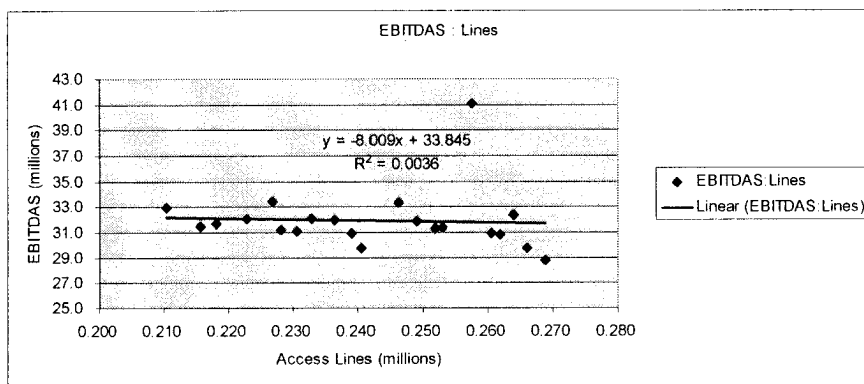
Iowa Telecom displayed another set of data implying the explanation of the variance of revenue and access line trends is high, although the direction is inverted. We note Iowa's results include previous minor acquisitions, Montezuma and Bakers. Iowa displayed a relatively high coefficient of variance of -181.8, which the F-value P-stat of 5.124E-05 being statistically significant. The R<sup>2</sup> of 0.587 for revenue is significant and suggests access line changes explain a significant amount of variance in revenue. Once again, this relationship is negative implying that revenue grows as access lines decline, making it a poor predictor of results, in our opinion.

EBITDAS results, however, show no statistically significant explanation of variance with an F statistic P-value of 0.7966, and an R<sup>2</sup> of 0.004. The correlation coefficient of -8.009 is also low, in our opinion, and the negative slope implies an inverse relationship as well. Also, access lines do not appear to provide a statistically meaningful explanation of FCF trends with a coefficient of variance of -2.3093, a statistically insignificant p-value of 0.986, and an R<sup>2</sup> of 0.0771.

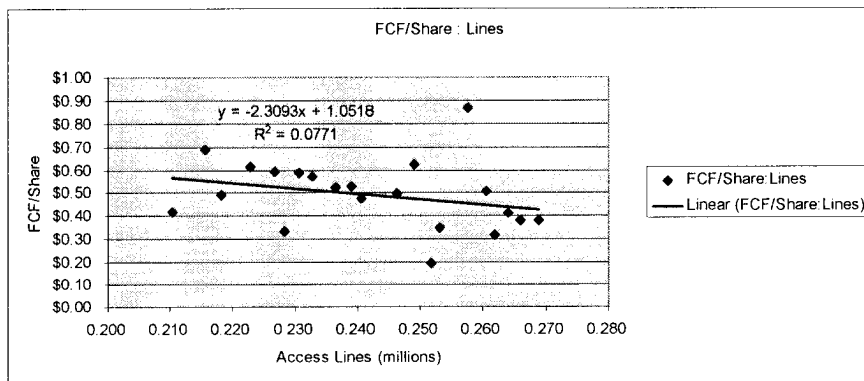
### Iowa Telecom Revenue



### Iowa Telecom EBITDAS



### Iowa Telecom FCF/Share



Source: Company reports and Raymond James estimates.

We believe these trends demonstrate access lines are clearly not driving revenue, EBITDAS, and FCF for Iowa. We would suggest this makes Iowa one of the better stocks to look at regardless of access line trends, particularly as they do not appear to be a meaningful driver of FCF needed to support Iowa's large dividend payout. We do note that Mediacom (MCCC) has just recently entered the market, so arguably the competitive dynamics have permanently shifted, but with an estimated 16-17% customer overlap between Mediacom and Iowa, the overall threat remains low relative to many other rural ILECs.

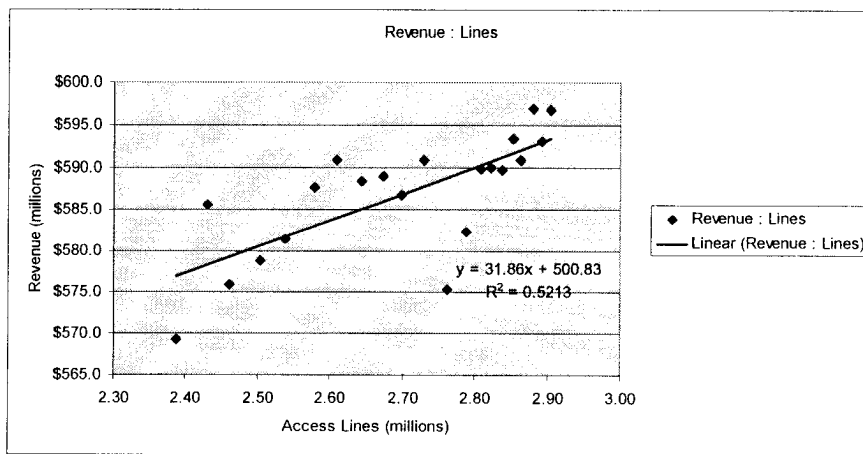
**Citizens Communications**

Next we move on to Citizens Communications, which always seems to be at the center of the access line debate due to its heavy concentration in competition riddled Rochester, New York, and more recently with its exposure to California and Arizona's housing growth declines. In analyzing this data, we made a few adjustments to the reported results. First, to make the business comparable to the current model, we added back Commonwealth Telephones results to Citizens (to adjust for the acquisition made last year), and removed the impact of Electric Lightwave which was divested in August 2006, and the utility properties that were divested in August 2003 and April 2004. The data is improved for Citizens compared to the company excluding Commonwealth, implying benefits from consolidation.

The regression for Citizens tells us that access lines explain some of the variation of revenue for Citizens, with a regression coefficient of 31.86. This is significantly different than 0, thus useful in explaining the variation, given the F-statistic p-value of 0.0002. EBITDAS was not explained well by access lines as the regression coefficient came in low at 14.3, and the F-statistic P-value was 0.15.

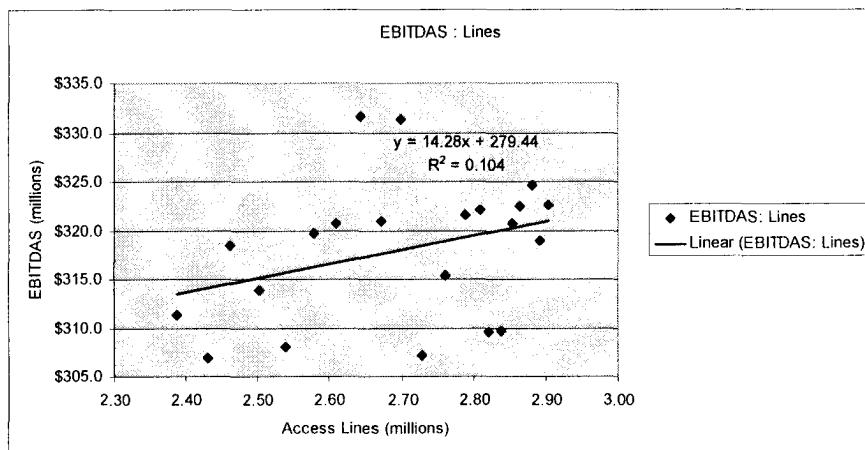
The results are interesting, with a somewhat high  $R^2$  for the revenue regression at 0.52, but a statistically insignificant  $R^2$  of 0.10 for EBITDAS. The relationship for access lines and revenue was positive, however, implying that revenue and EBITDAS do decline as access lines decline. This should be somewhat concerning for Citizens investors, but other factors appear to be at work, such as cost cutting and the aforementioned growth in enterprise data and other revenue not directly related to access lines such as special access and tower backhaul, which are working in favor of investors.

**Citizens Revenue**



Source: Company reports and Raymond James estimates.

**Citizens EBITDAS**



Source: Company reports and Raymond James estimates.

**Does Regulation Make a Difference?**

CenturyTel, Consolidated Communications, Alaska, and for a little while longer, Windstream (WIN) have one additional factor in the revenue and cash flow of their ILECs that differ from the other carriers in this report in that they are regulated as rate of return carriers at the state level, in most, if not all of their markets. Rate of return carriers have cost recovery mechanisms that allow them to adjust prices for certain products as their costs increase, therefore earning an 11.25% return on the assets employed to services these regulated services.

The actual calculation of these prices and returns are not available publicly, so we do not have a good view into regulated intra-state revenue and cap ex versus regulated interstate revenue and cap ex, versus non-regulated business (Internet, CLEC, special access, etc.). However, the results of our linear regressions for these carriers does appear to be better than price-cap carriers (which do not benefit from regulatory cost recovery to the same extent), so we suspect this is a factor in their ability to keep revenue and cash flow moving forward in the face of access line erosion.

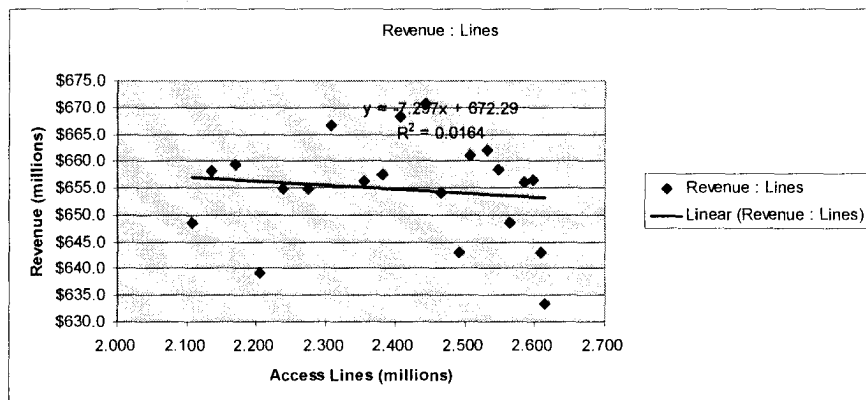
**CenturyTel**

CenturyTel's results appear to imply that access lines do not drive revenue as the company is able to offset these losses with other services. However the EBITDAS trajectory implies these services are lower margin. We have adjusted the data to include Madison River, which the company acquired in April 2007, and its other business has been relatively acquisition free over the test period with the wireless unit shed prior to our five year data sample.

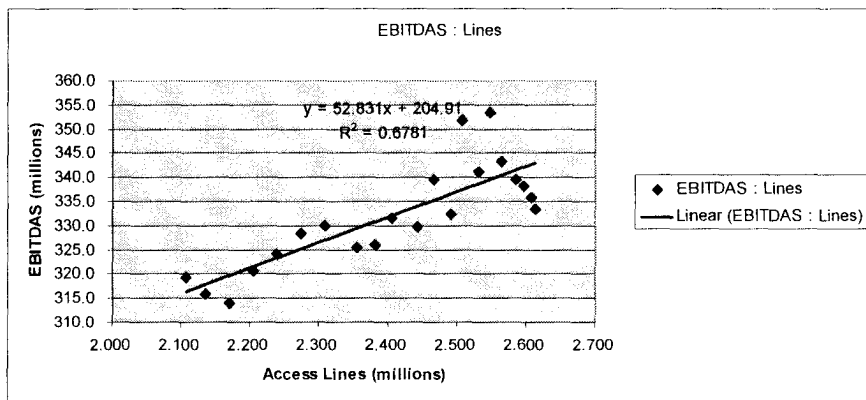
The regression for CenturyTel tells us that access lines do not explain the variation of revenue for the company, with a regression coefficient of -7.3. The R<sup>2</sup> for the revenue regression is also relatively low at 0.016. EBITDAS was explained well by access lines given 52.8 regression coefficient and an f-statistic p-value of 4.5x10<sup>-6</sup>; the R<sup>2</sup> for the EBITDAS was 0.68, also implying the explanation of the variance is well tied to access lines. We note the company has done an excellent job of driving CELC and fiber transport revenue but believe the margins are appreciable lower than the ILEC business. Lastly, FCF was not explained well by access lines with a coefficient of -0.68, and an R<sup>2</sup> of 0.13. These results imply CenturyTel is displaying positive trends despite access line declines.

We did make one significant adjustment to the CenturyTel data. In 3Q07, the company received the last significant regulatory true-up of a certain nature that, due to changes in regulation and accounting, we do not expect them to receive going forward. Regulatory true-ups from the Universal Service Fund (USF) and access revenue are a fact of life for ILECs, but this one significantly skewed the data to the extent that the EBITDAS displayed negative slope and the R<sup>2</sup> was not significant. We have excluded this to make the outlook more representative of the future trends, although we did add it back to prior periods where it was applicable because it is legitimate revenue and cash flow that the company is recognizing in its entirety going forward. Other carriers have not had these issues to this extent.

### CenturyTel Revenue

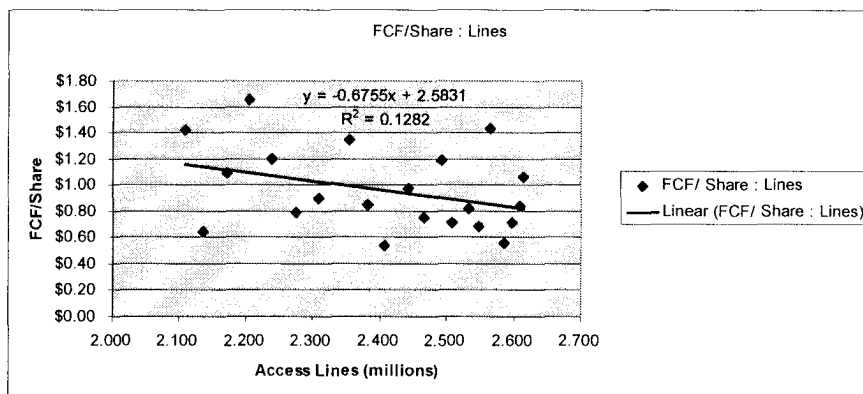


### CenturyTel EBITDAS



Source: Company reports and Raymond James estimates.

### CenturyTel FCF/Share

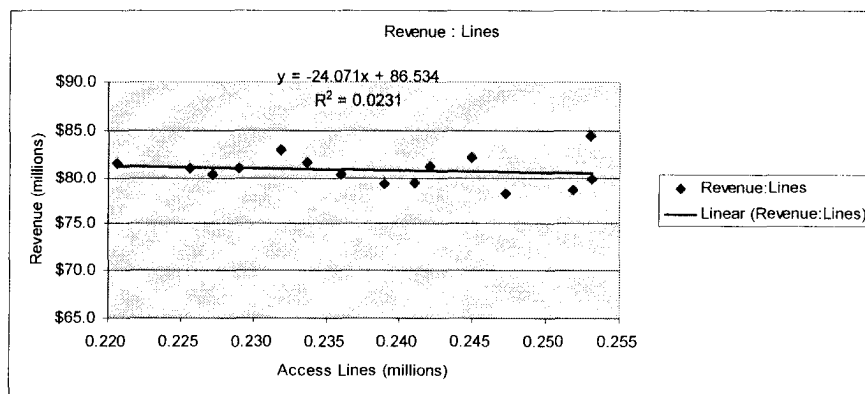


Source: Company reports and Raymond James estimates.

### Consolidated Communications

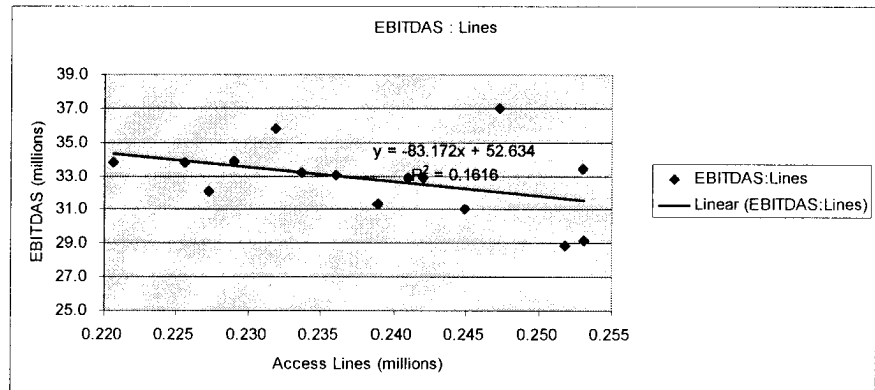
Consolidated Communications is also relatively M&A free over our study period (we have excluded the North Pittsburgh acquisition results from 1Q08 for the purposes of this report), and also a rate of return ILEC. The regression for Consolidated tells us that access lines do not explain the variation of revenue for the company, with a regression coefficient of -24.1, due to the negative slope (implying revenue increases as access lines decline). The  $R^2$  for the revenue regression is also relatively low at 0.02. EBITDAS was also not explained well by access lines given a high f-statistic p-value of 0.14 and the  $R^2$  for the EBITDAS was 0.16, also implying the explanation of the variance is not well tied to access lines. FCF demonstrated similar trends with a regression coefficient of 6.0 and a p-value of 0.38 and an  $R^2$  of 0.06. Again, regression coefficients are negative for revenue and EBITDAS, further implying they are not explained well by access line variations.

### Consolidated Revenue

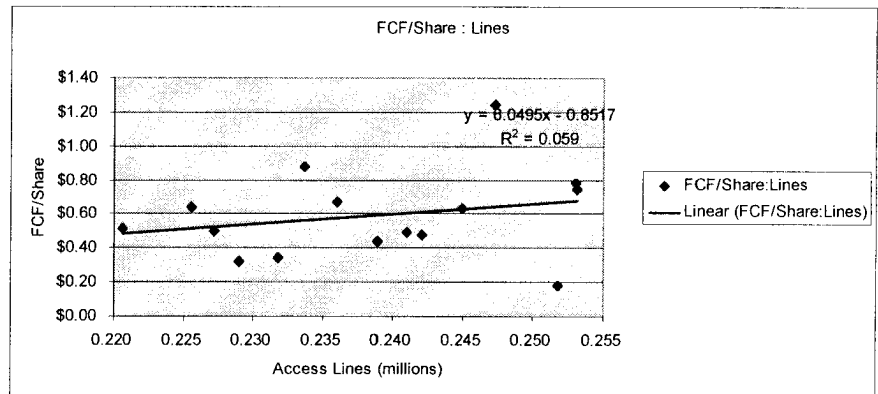


Source: Company reports and Raymond James estimates.

**Consolidated EBITDAS**



**Consolidated FCF/Share**



Source: Company reports and Raymond James estimates.

Consolidated has done a solid job of driving xDSL and video revenue over the past few years as it has put the Illinois and Texas properties together, and we also suspect rate of return regulation has been a beneficiary. Consolidated's FCF has benefited from minority wireless partnerships it owns with Verizon, but this revenue does not impact top line or EBITDAS, making Consolidated a very attractive investment, in our opinion.

**Inconclusive Companies**

We have included AT&T, Embarq, and Windstream with the limited data that we have for them. Due to M&A, we only have limited data back to 2005. Unfortunately, this does not give us full regression data that we can have confidence in. To have full confidence, we would need at least 20 data points, but we have included these data points as a reference due to their impact in the industry, with the caveat that it is not statistically reliable.

**Windstream**

Windstream will be converting price cap from rate of return, following the FCC's approval of its petition, potentially obviating historical regression results, and rate of return is possibly benefiting the data we do have, given the results of other rate of return carriers. The data we have only goes back 13 periods.

The regression for Windstream tells us that access lines do not explain the variation of revenue for the company, with a regression coefficient of -61.2.

EBITDAS was also not explained well by access lines with a regression coefficient of -17.6. The  $R^2$  for the revenue regression was 0.40 and for EBITDAS was .06.

**AT&T**

The data for AT&T only includes 13 periods due to the M&A activity between AT&T, SBC Bell South, and Cingular Wireless, giving an unclear picture prior to 2005. The regression for AT&T tells us that access lines don't explain the variation of revenue or EBITDAS AT&T, with regression coefficients of -110.0 and -183.0 respectively. Overall, access lines do not appear to be accurate predictors of revenue or EBITDAS, as wireless and data growth are overshadowing access line losses. However, it is negatively correlated, implying the counter intuitive concept that as access lines decline, revenue moves up nicely. We believe this is an interesting argument for looking at non-access line related revenue trends that are working below the surface. However, after excluding wireless, the coefficients flip to 220.0 for revenue and 105.1 for EBITDAS as AT&T's higher rate of access line losses was not able to be offset by other business segments. We believe this is the case among the carriers with more urban markets which have historically experienced access line declines at a higher rate than the rural carriers.

**Embarq**

**The data for Embarq only includes 11 periods of pro-forma data due to their spin out from Sprint (S) in 2005, making it the least reliable of all the data we analyzed. As such, these are not very reliable regressions, and we believe the direction of the company has been fundamentally changing over this time period. Bearing this in mind, we caution investors in using this data to make investment decisions, although it does give a basic framework for items to watch going forward.** The regression for Embarq tells us that access lines do explain the variation of revenue or EBITDAS, with regression coefficients of 95.3 and 56.3 respectively. These regressions are statistically significant at a 95% confidence level given their p-values of  $4.8 \times 10^{-7}$  and .041. Overall, access lines do appear to be accurate predictors of revenue and of EBITDAS to a lesser degree, as Embarq may not have diversified as much as other ILECs, with wireless and data growth to overshadow access line losses. Furthermore, it is positively correlated, implying the concept that as access lines decline, revenues decline. Again we want to caution investors that this regression only includes 11 periods, so the results are not as strong as the other regressions in our report and shouldn't be extrapolated lightly.

Our research suggests that the further down the income statement and FCF model we go, the less predictive the regression is. Once again, despite the company's exposure to residential and cable growth, we point out that it's diversifying away from residential in favor of enterprise and wholesale revenue, and we believe the cost cutting that has been in place over the past two years has helped cash flow as well as made the cost structure more variable.

## **Conclusions**

So what does all of this mean for our coverage universe? In aggregate, the data we have demonstrated in this report suggests ILEC access line changes often explain a larger amount of the changes in revenue than we would have previously suggested according to our linear regression analysis, but that often this relationship is negative. The reason for this inverse relationship is not as clear as we would like (because there are few publicly available data points to support these revenue sources), but we suspect it is due to a couple of key factors.

First, the ILECs have been diversifying away from traditional regulated residential telephone service, which is a positive dynamic for the future of the industry and the companies as a whole, given that access lines are not likely to begin to grow for some time. Some of these are more obvious, such as wireless growth at Cincinnati Bell and Alaska (as well as AT&T and Verizon). Others are less obvious, such as the flip side of wireless erosion, as special access and local and regional transport grow to support wireless carriers. Another less obvious piece is data traffic, especially from enterprise customers that are experiencing growth in demand along with other U.S. businesses in more urban markets.

The most consistent result of our linear regressions was found in EBITDAS and FCF, where the explanation of the variance in these items by changes in access lines was generally very low and/or not statistically significant using the tests and metrics we believed to be most relevant. This is really the key when considering that returning cash to shareholders is a very common theme espoused by management teams in the group. This is mostly done through significantly high dividend payouts, but also through large annual share repurchases that investors have come to expect and have factored into their models and investment decisions. As such, the ability to drive continued positive EBITDAS and FCF is just as critical for both of these investment themes to play out.

The bear case here is really four-fold. First, there is a strong relationship to revenue and access lines and that could eventually catch up with the industry. This leads to the second tenet of the bear case from our data, namely that the EBITDAS and FCF have been protected through cost cutting and efficiencies that have been gained over the past several years, and those will end and the decline will ensue. The third foundation for a bear case is that M&A has been keeping the efficiency curve going for some time, and that it will end and the erosion to the rest of the income statement will begin. The fourth would be that competition is not fully baked into these models, and as competition matures, these results will look quite different.

These are clearly concerns investors need to weigh, however we would argue the following. With regard to the strong relationship between revenue and access lines, if one believes this will catch up, they would need to consider the inverse relationship often observed, and what is causing it, could it change, and when. This is a more difficult item to nail down, but it does underscore that the ILECs are deriving increasing levels of revenue from non-traditional sources and from sources that are not tied to access lines.

Cost cutting is clearly a benefit and has likely driven EBITDAS stability. The question would be what is the profitability of the new revenue sources described above, and how variable are ILEC costs, really? We believe costs are more variable than is often viewed on the Street just judging from reported results (again, a positive case for rate of return carriers where cost adjustment potential is known to exist). We believe cost cutting can continue for some time, and regulatory benefits will not be taken away, as rural ILECs carry significantly more political clout than the average new report might imply.

On M&A, it could be the case that acquisitions have been keeping the industry's efficiencies going for same time, but we do not see irrational prices being paid for M&A, or even a very significant level of it occurring, either. These would be signs of an unhealthy industry trying to stay one step away from the bankruptcy lawyers. Additionally, with hundreds and hundreds of ILECs in the U.S., the length of any merger streak could be very long, and the benefits for the long term appear to strengthen the industry.

The competition aspect is also difficult to demonstrate either way. We do see continued wireless substitution and cable competition negatively impacting the space, and this is likely to continue. Wireless backhaul and transport is offsetting much of this erosion, but the actual relationship is not well known.

The introduction of video and satellite resale agreements is also a potentially positive offset to cable competition, as some carriers (Consolidated, Windstream, Citizens, and AT&T and Verizon to mention a few) have already begun to utilize this as an offset.

So, we view the ILEC industry as being more stable over the next few years than many on the Street give it credit for, especially in terms of EBITDAS and FCF trends that the investment theses are largely built on. We view companies like AT&T, Verizon, Cincinnati Bell, and Alaska as the best ways to invest in the space and avoid negative impact from access line trends. Additionally, we would view negative reactions by the Street to access line trends as buying opportunities for longer-term oriented investors.

*We would like to extend a special thanks to Dr. Scott Brown, Raymond James Senior Economist for his help with the statistical analysis, and Mike Ciaccia, for his contribution to the data collection and analysis.*

Public companies mentioned in this report.

Company Name	Ticker	Priced as of 06/19/08	RJ&A Rating (if Applicable)
Alaska Communications Systems Group Inc.	ALSK	\$12.60	Outperform
AT&T Inc.	T	\$35.15	Outperform
CenturyTel Inc.	CTL	\$32.01	Market Perform
Cincinnati Bell Inc.	CBB	\$4.11	Outperform
Citizens Communications	CZN	\$11.15	Outperform
Consolidated Communications Holdings	CNSL	\$15.71	Outperform
Embarq	EQ	\$44.71	Strong Buy
Iowa Telecommunications	IWA	\$18.68	Market Perform
Mediacom	MCCC	\$5.87	
Qwest Communications Intl.	Q	\$4.09	Underperform
Sprint Nextel Corp.	S	\$8.28	Outperform
Verizon Communications	VZ	\$36.50	Market Perform
Windstream Corp.	WIN	\$13.05	Outperform

**Important Investor Disclosures**

- Strong Buy (SB1)**..... Expected to appreciate and produce a total return of at least 15% and outperform the S&P 500 over the next six months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.
- Outperform (MO2)**..... Expected to appreciate and outperform the S&P 500 over the next 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12 months.
- Market Perform (MP3)**..... Expected to perform generally in line with the S&P 500 over the next 12 months and is potentially a source of funds for more highly rated securities.
- Underperform (MU4)**..... Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.

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- Total Return (TR)** ..... Lower risk equities possessing dividend yields above that of the S&P 500 and greater stability of principal.
- Growth (G)**..... Low to average risk equities with sound financials, more consistent earnings growth, possibly a small dividend, and the potential for long-term price appreciation.
- Aggressive Growth (AG)** ..... Medium or higher risk equities of companies in fast growing and competitive industries, with less predictable earnings and acceptable, but possibly more leveraged balance sheets.
- High Risk (HR)**..... Companies with less predictable earnings (or losses), rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and risk of principal.
- Venture Risk (VR)** ..... Companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, and a substantial risk of principal.

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Company Name	Disclosure
Alaska Communications Systems Group Inc.	Raymond James & Associates makes a NASDAQ market in shares of ALSK.
Consolidated Communications Holdings	Raymond James & Associates makes a NASDAQ market in shares of CNSL.
Iowa Telecommunications	Raymond James & Associates received non-securities-related compensation from IWA within the past 12 months.
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**General Risk Factors:** Following are some general risk factors that pertain to the projected 12-month target prices included on our research for stocks rated Strong Buy or Outperform: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects.

**Specific Investment Risks Related to the Industry or Issuer**

**Wireline Telecom Services Risk Factors**

Wireline telecom services remain highly regulated, and should regulation become less favorable, promoting more competition or reducing subsidies for these companies, the sector could be negatively impacted. Technological substitution remains a highly credible threat toward most wireline telecom services companies' revenue and earnings. A large amount of debt could leverage the industry to the downside should earnings and cash flows face significant pressure.

**Additional Risk and Disclosure information, as well as more information on the Raymond James rating system and suitability categories, is available at [www.rjcapitalmarkets.com/SearchForDisclosures\\_main.asp](http://www.rjcapitalmarkets.com/SearchForDisclosures_main.asp). Copies of research or Raymond James' summary policies relating to research analyst independence can be obtained by contacting any Raymond James & Associates or Raymond James Financial Services office (please see [www.raymondjames.com](http://www.raymondjames.com) for office locations) or by calling (727) 567-1000, toll free (800) 237-5643 or sending a written request to the Equity Research Library, Raymond James & Associates, Inc., Tower 3, 6<sup>th</sup> Floor, 880 Carillon Parkway, St. Petersburg, FL 33716.**

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<p>The views expressed in this report accurately reflect the personal views of the analyst(s) covering the subject securities. No part of said person's compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. In addition, said analyst has not received compensation from any subject company in the last 12 months.</p>
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**Investors should consider this report as only a single factor in making their investment decision.**

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## The Raymond James Telecommunications Research Team

**Todd Koffman**

Director of Telecommunications Equipment Research  
(727) 567-2421

**Ric Prentiss**

Director of Telecommunications Services Research  
(727) 567-2567

**Frank G. Louthan IV**

Telecommunications Services  
(404) 442-5867

**Mark DeRussy, CFA**

Telecommunications Services  
(727) 567-2646

**Kevin DiQuattro**

Sr. Research Associate

**Melissa Fairbanks**

Sr. Research Associate

**Jason Fraser**

Sr. Research Associate

**Eric Mallis, CFA**

Sr. Research Associate

**Exhibit TJG-3:**  
**Pages from Nemont Web Site**



Home	Call
News	Local Links
Employment	Contact Us
Consentment Info	

A former One for all

- History
- Scholarships
- Board Members
- Affiliations
- Nemont Today
- What's New
- Call Before You Dig

### Customer Center

- ▶ New Listings
- ▶ Payment Drop Sites
- ▶ Special Needs
- ▶ Contact Us
- ▶ Service Areas



### About Nemont - Williston, North Dakota

Serving the Williston and Trenton areas of North Dakota with digital switching and transport over an all digital fiber optic network, and advanced custom calling and CLASS features such as:

- Caller ID
- Voice Mail

Business Customer solutions include telecommunications equipment, key systems, PBX, ADSL, DS-1, DS-3, and DSO high speed data services.

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Learn why

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Home	Call
Employment	Local Links
Contact Us	Contact Us

At Nemont - One for all.

- History
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## Customer Center

- ▶ New Listings
- ▶ Payment Drop Sites
- ▶ Special Needs
- ▶ Contact Us
- ▶ Service Areas



## Personal

- ▶ Long Distance
- ▶ Local Calling Services
- ▶ Wireless
- ▶ Internet

## Nemont Long Distance

By choosing Nemont Long Distance for ALL of your long distance calls, just dial "1" plus the area code and telephone number you wish to call. There are no extra numbers to dial. You can also get calling cards, toll free numbers and calling cards.

**O N L I N E   S I G N   U P**  
Sign up online for Nemont Long Distance. Click here.

### P I C   F R E E Z E

Slamming is the "unauthorized changing of your Long Distance provider (s)."

Protect yourself from being slammed by filling out and sending this PIC FREEZE form online.

Or you can download the form, fill it out, and mail it to your local telephone company.

## Why Choose Nemont Long Distance?

- Only ONE Bill
- Only ONE Long Distance Carrier
- NO Monthly Fees
- NO Monthly Minimum Usage Charges
- NO Hidden Charges
- Locally Owned
- Answered By a Person Instead of a Machine
- PIC Change fee paid by Nemont Long Distance

## Residential and Business Rates

Available 24 hours a day, 7 days a week. 10¢/minute for all calls within the United States and Canada.

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### **Calling Cards & Toll Free Number Services**

#### **Calling Cards**

Nemont Long Distance calling cards are 35¢/minute and a 35¢ surcharge per call. Calling Cards are not automatically assigned, for more information call 1-800-636-6680.

#### **Toll Free Numbers**

Nemont Long Distance offers toll free numbers to business's or households who want to accept the charges for incoming calls. Calls from anywhere in the United States are billed at 15¢/minute, with a monthly service charge of \$3.00. Calls from Canada are 30¢/minute, and also include the monthly service charge of \$3.00. There is a one time set-up fee of \$10.00.

### **International Calling**

Nemont Long Distance International rates are very competitive. The rates to each country vary. [Click here for international rates.](#)

### **Terms & Conditions**

[Click here to review the terms and conditions.](#)

[Unlimited Long Distance Acceptable Use Policy](#)

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Engagement	Local Links
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At the end of the line, there's always One for all.

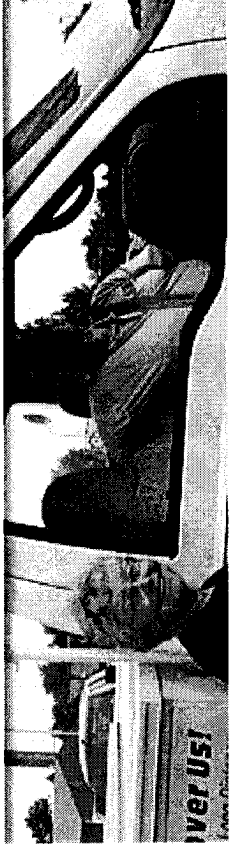
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### Personal

- ▶ Long Distance
- ▶ Local Calling Services
- ▶ Wireless
- ▶ Internet



### Nemont - Williston, North Dakota Local Calling Services

#### Getting Started

Call Nemont Customer Service at 1-866-572-7744, to order new service or to make changes to current services. A customer service specialist will explain rates, services available and will place the order for you.

Some information we will need to know to establish new service will be:

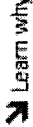
- Your name and complete address (physical address)
- Social Security Number
- Spousal Information/Joint Account
- Type of service you want (Residential/Business)
- Previous provider information
- Previous phone number and address
- Employment information
- Long Distance carrier you would like
- How you wish to be listed in the directory
- Special Needs (jacks/wiring)
- Neighbor's name
- Previous Resident

#### QUICKLINKS

- Custom Calling Features
- Worry Free Wire Maintenance
- Voice Mail
- Call Acceptance
- Call Forward
- Call Rejection
- Caller ID
- Call Waiting
- Call Transfer
- Home Intercom
- Priority Call
- Hot Line
- Smart Line
- Speed Calling
- Distinctive Ring
- Continuous Redial
- Last Call Return
- Call Trace
- Three Way Calling

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## Custom Calling Features

Caller ID Blocking Options

Per Call Blocking

Per Line Blocking

### Worry Free Wire Maintenance

If you subscribe to our Worry Free Wire Maintenance, we will repair your jack or inside wiring at **no charge**. If you don't subscribe, we will be happy to repair the problem, however, we will charge you an isolation charge as well as labor and materials.

### Voice Mail

Voice Mail provides an audio mailbox to record, store, retrieve, review, save and handle audio messages. The service will greet incoming callers with a personal or a standard greeting. It provides audio prompts and personal security codes for customers and users of the service. Customers can access the service from any tone signaling telephone. Voice Mail is available for residential and business users. In addition, we provide General Access Voice Mail.

### Call Acceptance \*64

Now you can protect your quiet time but still be reached by special people. You can program your phone to only allow specified callers to ring through (up to 15), to your telephone, all other callers will get a message suggesting they call back later and your phone doesn't ring.

### Call Forward \*72

Call Forward lets you forward incoming calls automatically to another phone number, by simply dialing a code to turn on and off the feature.

### Call Forward Busy

When you are on the phone all incoming calls will be forwarded to your specified number. The specified number can be another number in the home, a cell phone or a different location.

### Call Forward No Answer

You can program your phone to forward all calls not answered to another number. The other number can be a cell phone, another other number in the home, or a different location.

### Call Forward Select

You can program your phone to forward only those calls from a special list of numbers to another number such as your cell phone. When your service is turned "on", calls from numbers in your "forward-to" list will be re-routed to your "forward-to" number. All others will ring at your phone, as usual.

### Call Rejection \*60

You can program your phone to reject calls from any number you place in the rejection list. When your service is "turned-on" any callers in this list will hear an announcement that you're not accepting calls at this time. All other calls will ring through as usual.

### Call Rejection Anonymous \*77

When you've turned this service "on" any callers who have blocked their number

from your Caller ID display will hear an announcement that you do not accept anonymous calls and that they should remove blocking and call back. All other calls will ring through as usual.

**Caller ID Name**

When you receive a call, the name and number of the person calling you is shown on your Caller ID display screen. A Caller ID Box or Caller ID phone is needed for this feature.

**Caller ID Number**

When you receive a call, the number of the person calling you is shown on your Caller ID display screen. A Caller ID Box or Caller ID phone is needed for this feature.

**Call Waiting/Cancel Call Waiting**

Call Waiting lets you answer another call even when you're already on the phone. If you're talking on the phone and someone else tries to call you, local or long distance, you hear a quick "beep" tone. Your second caller will hear only a normal ringing signal.

Call Waiting can be canceled on a per call basis, either before initiating a call or during an existing call. Cancel Call Waiting remains in effect only for that call. Once you hang up, or depress the "switchhook", Call Waiting is automatically restored. Any parties calling will receive a busy signal when Cancel Call Waiting is in effect. **Note: You must have Three-Way Calling to Cancel Call Waiting during a call.**

**Call Waiting Caller ID**

Call Waiting ID allows the customer to control the disposition of incoming calls while in an off-hook condition via a visual display unit.

Additionally, it allows for the automatic display of a calling party's name and/or telephone number (excluding non-published and non-listed telephone numbers) to the called customer, which gives the called customer an opportunity to decide whether to answer the call immediately or not. The name and number are displayed on customer provided equipment.

The name displayed shall be the name associated with the calling telephone number as shown on the Company's records. The Company, in its discretion, may abbreviate or limit that name for display purposes. The Company does not assure accuracy, and it shall not be liable to any party.

**Home Intercom**

Use your phone to talk with someone in another part of the house, garage, workshop, or barn - wherever there's an extension.

**Priority Call (VIP Alert) \*61**

When you make a list of special callers, your phone uses a special ring to announce calls from any of those numbers. If you also have Caller Waiting, you'll hear a special Call Waiting Tone.

**Hotline**

Hotline allows a customer to establish a switched connection to a predetermined number when the customer's telephone goes off-hook. No dialing is required and the call is processed immediately to the predetermined telephone number, automatically.

**Smart Line**

Smart Line allows a specific amount of time after the receiver is off-hook before it automatically dials a pre-designated number. This allows you to use the telephone normally but to ring a designated number simply by staying off-hook.

**Speed Calling 8 or 30**

Speed Calling allows you to reach 8 or 30 frequently called numbers by dialing just one or two digits instead of the entire phone number.

**Distinctive Ring**

Distinctive Ring allows you to have two telephone numbers assigned to the same line. You know who the call is for before you answer the phone, because each number has a distinctive ring. You can assign a number solely to the children, or you can assign a separate number to your home business and one to the family.

**Continuous Redial \*66**

You can save time dialing busy number's over and over. Your phone can keep dialing a number while you go about your business, eliminating wasted time and aggravation. As soon as the line is free, your phone rings you and the call is automatically placed for you.

**Last Call Return \*69**

Tired of rushing to catch a ringing telephone only to find out you just missed the call? Now, you can dial a special code and you will be given a recording of the phone number that last called.

**Call Trace \*57**

When you receive a harassing call, you can dial a simple code to trace the source of that call. The information about that call is recorded in the telephone company's equipment. You will not be given the name or telephone number of the person who called.

At your request, trace information will be forwarded to local law enforcement for further action after the necessary forms have been signed.

**Three Way Calling**

Three-Way Calling lets you turn an everyday, two-way phone call into a three-way conference conversation. It's great for holidays or on special occasions, when you wish to exchange greetings with friends and relatives at two other locations.

**Caller ID Blocking Options**

Caller ID Blocking suppresses your name and number so that the called party with Calling Name and Number does not receive this information. Because there

may be occasions when you need to call anonymously, we will automatically equip your line with Per-Call Blocking at NO CHARGE.

**Per Call Blocking \*67**

By dialing a special code before you place a call, you can prevent your phone number and name from appearing on the Caller ID display of the person receiving your call.

**Per Line Blocking**

When you request\* Per-Line Blocking, you do not need to dial a code to block your name and number each time you place a call. Your number will automatically appear as "Private". To override Per-Line Blocking (allowing your number to be displayed) on an individual call, you must dial a special code \*82, before placing the call.

**\*You must call our office to subscribe to this service provided at NO CHARGE.**

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- Call Before You Dig

### Customer Center

- ▶ Wireless Home
- ▶ Coverage
- ▶ Retail Locations
- ▶ Features
- ▶ Text Messaging



### Nemont Wireless

#### Get The Freedom Of Mobility

Nemont provides wireless service in association with Triangle Communications. Nemont's wireless network is a reliable and extensive cellular and PCS network in Montana and northwest North Dakota. Wireless phones can be used throughout the US and Canada. Company locations with local customer service representatives and agents throughout the service area make it convenient to activate a wireless phone and make inquiries.

Nemont offers a number of different service plans and calling features, so it's easy to find the right plan for your needs.

Please review our [Terms of Service](#).

Please review our [Privacy Policy](#).

Please review our [Hearing Aid Compatibility with Mobile Phones Overview & FAQ](#).

Please review our [Return Policy](#).

Peace of mind for pennies a day! [Read about our Handset Protection Plan](#).

### Personal

- ▶ Plans
- ▶ Low Income
- ▶ Payment Options
- ▶ Phones
- ▶ Terms of Service

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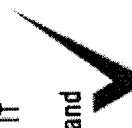
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- ▶ Search Engines
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- ▶ Check Your Time
- ▶ Change Your Password
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- ▶ FAQ
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### Nemont Internet

Nemont provides unlimited local dial-up access and ADSL for customers. Toll free customer support, and a host of Internet resources including email are available.

ADSL - High speed internet is available in select service areas. Certain perimeter restrictions may apply.

Please contact us at [help@nemont.net](mailto:help@nemont.net). Call us Monday-Friday, 8 a.m.-5 p.m. at 1-800-636-6680 for new activations, billing, or more information. For 24-hour tech support please call 1-888-338-0252 or email [help@nemont.net](mailto:help@nemont.net).

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