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August 11, 2014

Ms. Jocelyn Boyd
South Carolina Public Service Commission
Synergy Business Park, The Saluda Building
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Application of South Carolina Telecommunications Group Holdings LLC, d/b/a Spirit Communications for a Certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services, and for Flexible and Alternative Regulation
Docket No. 2014-276-C

Dear Ms. Boyd:

Enclosed for filing on behalf of South Carolina Telecommunications Group Holdings, LLC, d/b/a Spirit Communications, please find the verified testimony of Michael D. Baldwin in the above-referenced matter.

Thank you for your assistance.

Very truly yours,

McNAIR LAW FIRM, P.A.

Margaret M. Fox

Margaret M. Fox

MMF:hme
Enclosures

cc: Mike Baldwin, Esquire, Spirit Communications
Parties of record

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COLUMBIA 1174716v1

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014-276-C

IN RE:

Application of South Carolina Telecommunications Group Holdings, LLC, d/b/a Spirit Communications for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services, and for Flexible Regulation of its Local Exchange Services and Alternative Regulation of its Interexchange Service Offerings Within the State of South Carolina	)

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Michael D. Baldwin. My business address is 1500 Hampton Street, Columbia, South Carolina 29201.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am Senior Counsel for Business, Regulatory and Legal Affairs for all of Spirit Communications' operating entities.

Q. PLEASE BRIEFLY OUTLINE YOUR EDUCATION, TRAINING, AND EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A. I joined Spirit in 2011 after more than 25 years of combined experience across multiple industries spanning the defense, telecommunications, cable, and legal industries. I have served as the Director of Business Development for Comcast Business Communications in

Philadelphia and as Director of Technical Sales for Teleport Communications Group of Princeton, N.J., providing commercial telecommunications services. I began my telecommunications career at AT&T in Bedminster, N.J. in various management positions within access management, regulatory, product development, sales and business development. I am a founder, owner and managing member of Lewis & Baldwin PLLC, Attorneys at Law, a law firm that counsels small technology and telecommunications clients in start-up operations, intellectual property protection, licensing, contract negotiations, contract development, contract compliance and litigation.

I hold a Bachelor's of Science degree in Mechanical Engineering (BSME) from Villanova University; a Master's degree in Business Administration (MBA) from Rutgers University School of Business; and a Juris Doctorate (JD) degree from Vermont Law School, with special emphasis in corporations and intellectual property.

I am a licensed attorney in the State of Vermont, and I am certified to practice law in South Carolina as an in-house corporate counsel. In addition, I am a registered patent attorney (#64556) with the U.S. Patent and Trade Office.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING HERE TODAY AND WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I am testifying on behalf of South Carolina Telecommunications Group Holdings, LLC, d/b/a Spirit Communications ("Spirit"). By its Application, Spirit seeks authority to provide resold and facilities-based local exchange and interexchange telecommunications services in the State of South Carolina. The purpose of my testimony is to describe the services Spirit seeks authority to provide, to describe the geographic areas Spirit seeks to serve, and to demonstrate

that Spirit possesses sufficient technical, financial, and managerial resources to provide local exchange and interexchange telecommunications services in those areas of the State of South Carolina for which it seeks certification.

Q. PLEASE GIVE A BRIEF OVERVIEW OF SPIRIT COMMUNICATIONS.

A. Spirit is a private company that was organized in the state of South Carolina on December 29, 2000. Spirit is the sole owner of South Carolina Net, Inc. ("SC Net"), a South Carolina corporation, also located at 1500 Hampton Street, Columbia, SC 29201. SC Net currently holds a Certificate of Public Convenience and Necessity from the State of South Carolina. SC Net has been providing long distance services in the State since 1992 and local exchange services in the State since 2000. Spirit is in the process of restructuring its business so that some of the local and long distance services it offers will be provisioned directly through Spirit. SC Net will continue offering these services as well.

Q. WHAT AREAS DOES SPIRIT PROPOSE TO SERVE IN THE CURRENT APPLICATION?

A. Spirit proposes to offer local exchange services within the present operating areas of BellSouth Telecommunications, Inc. d/b/a AT&T South Carolina ("AT&T"), Frontier Communications of the Carolinas, Inc. ("Frontier"), United Telephone Company of the Carolinas, Inc. d/b/a CenturyLink ("CenturyLink"), and Windstream South Carolina, LLC ("Windstream"). Interexchange services will be offered throughout the State of South Carolina.

1 **Q. PLEASE DESCRIBE THE SERVICES SPIRIT PROPOSES TO OFFER IN SOUTH**
2 **CAROLINA.**
3 **A.** Spirit proposes to offer resold and facilities-based local exchange services in AT&T, Frontier,
4 CenturyLink and Windstream areas, and interexchange telecommunications services
5 throughout the State. Spirit's primary market includes commercial business customers and
6 government customers. Spirit intends to provide local exchange services, custom calling and
7 CLASS features and bundled services such as local and long distance services in a combined
8 package. In addition, Spirit will provide to its customers additional custom calling and class
9 features, access to emergency call services (e.g. 911), directory assistance and other ancillary
10 services.
11 Spirit will provide its local and interexchange services via a combination of traditional circuit
12 switched (i.e., time division multiplexed or "TDM") and voice over internet protocol
13 ("VoIP") switching platforms. All voice services will be offered to commercial customers.
14 Spirit's service may use Ethernet interfaces, optical fiber and/or copper facilities and will
15 primarily be designed and provisioned in accordance with commercial customer contracts.
16 Spirit's TDM and VoIP-based services are provided on its independently owned, facilities-
17 based network, and when/where convenient, through resale of other telecommunications
18 providers' networks. Spirit will resell the facilities and services of AT&T, or other carriers, if
19 and as necessary to complete its connections to its customers' premises.
20 Spirit also proposes to offer resold inbound and outbound interexchange telecommunications
21 services and operator-assisted services to its pre-subscribed customers throughout the State of

South Carolina. All services are available twenty-four (24) hours per day, seven (7) days a week.

A more complete description of the local services Spirit proposes to offer in the State of South Carolina can be found in its proposed local exchange services tariff attached to the Application as Exhibit B. With respect to other services, Spirit intends initially to concur in the interexchange and access service tariffs of its affiliate company, SC Net, Inc. d/b/a Spirit Communications. A more complete description of the interexchange and access services Spirit proposes to offer in the State of South Carolina is provided in those tariffs, which have been approved by and are on file with the Commission.

Q. DOES SPIRIT POSSESS SUFFICIENT TECHNICAL AND MANAGERIAL RESOURCES TO PROVIDE THE SERVICES FOR WHICH IT REQUESTS AUTHORITY?

A. Yes. Spirit possesses sufficient technical and managerial resources to provide the services for which it requests authority. Spirit's key management and technical personnel have significant business and telecommunications experience. Spirit's affiliated companies provide traditional local exchange and/or interexchange services throughout South Carolina, parts of North Carolina and Georgia. As previously described, I joined Spirit in 2011 after more than 25 years of combined experience across multiple industries, including substantial experience in the telecommunications and cable television industries. A list of other key personnel, and a selective summary of experience, is attached as Exhibit C to Spirit's Application.

1 **Q. DOES SPIRIT POSSESS SUFFICIENT FINANCIAL RESOURCES TO PROVIDE**
2 **THE PROPOSED SERVICES FOR WHICH IT REQUESTS AUTHORITY?**
3 **A.** Yes, Spirit possesses sufficient financial resources to provide the proposed services. Spirit's
4 financial statements, attached as Exhibit D to the Application in this matter, demonstrate that
5 Spirit is a financially sound company with substantial plant and facilities in South Carolina.
6 In addition, Spirit's affiliate, SC Net, has been operating as a competitive local exchange
7 carrier since 2000 and as an interexchange carrier since 1992.
8 **Q. WILL GRANTING SPIRIT'S REQUEST SERVE THE PUBLIC INTEREST?**
9 **A.** Yes. The public interest of the citizens of South Carolina will be served by granting this
10 Application. First and foremost, Spirit will offer its customers the ability to have seamless
11 service for local services as well as intrastate, interstate and international toll services. Spirit
12 will enhance competition in the State of South Carolina by offering additional service options
13 and high service quality to South Carolina telecommunications users. Spirit is a South
14 Carolina-based company, with employees who live and work in South Carolina, contributing
15 to the local economy.
16 **Q. WILL THE SERVICE PROVIDED BY SPIRIT MEET ALL SERVICE STANDARDS**
17 **THAT THE COMMISSION MAY ADOPT?**
18 **A.** Yes, it will.
19

1 **Q. WILL THE PROVISION OF SERVICE BY SPIRIT ADVERSELY IMPACT THE**
2 **AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE IN SOUTH**
3 **CAROLINA?**
4 **A.** No. Spirit's local service will be provided in predominantly non-rural parts of South
5 Carolina. The service provided by Spirit will not adversely impact the availability of
6 affordable local exchange service in South Carolina.
7 **Q. WILL SPIRIT ACTIVELY PARTICIPATE IN THE SUPPORT OF UNIVERSALLY**
8 **AVAILABLE TELECOMMUNICATIONS SERVICE AT AFFORDABLE RATES?**
9 **A.** Yes. To the extent it may be required to do so by the Commission, Spirit will participate in
10 the support of universally available telecommunications services at affordable rates.
11 **Q. IS SPIRIT REQUESTING FLEXIBLE REGULATION OF ITS LOCAL EXCHANGE**
12 **SERVICE OFFERINGS?**
13 **A.** Yes. Spirit requests that the Commission regulate its local telecommunications services in
14 accordance with the principles and procedures established for flexible regulation in Order No.
15 98-165 in Docket No. 97-467-C. In Docket Number 97-467-C, the Commission approved a
16 rate structure that incorporated maximum rate levels with the flexibility for adjustment below
17 the maximum rate levels. The Commission determined that local tariff filings would be
18 presumed valid upon filing, subject to the Commission's right within thirty days to institute an
19 investigation of a tariff filing and that any such tariff filings would be subject to the same
20 monitoring process as similarly situated competitive local exchange carriers. Spirit submits
21 that as a local exchange competitor it should be subject to regulatory constraints no greater

than those imposed in Docket No. 97-467-C. Spirit therefore requests that its local exchange service tariff filings be regulated under this form of flexible regulation.

Q. IS SPIRIT REQUESTING ALTERNATIVE REGULATION OF ITS INTEREXCHANGE SERVICE OFFERINGS?

A. Yes. Pursuant to S.C. Code Ann. § 58-9-585 and the general regulatory authority of the Commission, Spirit requests that the Commission regulate its interexchange service offerings in accordance with the principles and procedures established for alternative regulation in Orders No. 95-1734 and 96-55 in Docket No. 95-661-C, and as modified by Order No. 2001-997 in Docket No. 2000-407-C. In Docket No. 95-661-C in response to a Petition for Alternative Regulation by AT&T Communications of the Southern States, the Commission determined that there was sufficient competition in the market for interexchange telecommunication services to justify a relaxation in the manner in which AT&T was regulated. The Commission determined that AT&T was not required to file maximum rates for long distance business service offerings and that its tariffs would be presumed valid upon filing, subject to the Commission's right within seven days to institute an investigation of the tariff filing. Spirit submits that as a competitor of AT&T in the market for providing telecommunication services to customers, it should not be subject to regulatory constraints greater than those imposed on AT&T. Spirit therefore requests that its interexchange business services offerings described in its proposed tariff be regulated under this form of relaxed regulation.

Q. DOES SPIRIT SEEK WAIVERS OF ANY APPLICABLE COMMISSION REGULATIONS WITH REGARD TO SPIRIT'S OPERATIONS IN SOUTH CAROLINA?

A. Yes. Spirit requests that the Commission grant it a waiver of certain regulatory requirements as follows:

(a) Spirit requests that the Commission waive any rules or regulations that would require it to keep its financial records in conformance with the Uniform System of Accounts ("USOA"). As a competitive service provider, Spirit currently maintains its books and records in accordance with Generally Accepted Accounting Principles ("GAAP"). GAAP is used extensively by interexchange carriers and other competitive local exchange carriers. Spirit's use of GAAP will ensure that the Commission has a reliable method by which to evaluate Spirit's operations;

(b) Spirit seeks a waiver of S.C. Code Ann. Regs. 103-631 so that it will not be required to publish local exchange directories. Spirit will make arrangements with those incumbent LECs who are required to publish directories in areas where Spirit provides service, whereby the names of Spirit's customers will be included in any such directories. These directories will be distributed to Spirit's customers. This approach is reasonable and benefit customers of both Spirit and the incumbent LECs, as customers will be able to refer to a single directory for a universal listing of customer information; and

(c) Spirit seeks a waiver of the map filing requirement of S.C. Code Ann. Regs. 103-612.2.3. Spirit's local service area will initially mirror the service areas of the

1 incumbent local exchange carriers referenced in the Application. Spirit's
2 interexchange services will be provided throughout the State of South Carolina.

3 **Q. WHAT ACTION ARE YOU ASKING THE COMMISSION TO TAKE IN REGARD**
4 **TO THIS APPLICATION?**

5 **A.** South Carolina Telecommunications Group Holdings, LLC, d/b/a Spirit Communications
6 respectfully requests that the Commission approve its Application for a Certificate of Public
7 Convenience and Necessity to permit it to provide local exchange and interexchange
8 telecommunications service in the State of South Carolina, as described herein and in the
9 Application in this matter, including Exhibits, which is incorporated herein by reference, and
10 grant flexible and alternative regulation for those services as described above.

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

12 **A.** Yes, it does.

VERIFICATION

I, Michael D. Baldwin, first being duly sworn, depose and say that I am Senior Counsel for Business, Regulatory and Legal Affairs for South Carolina Telecommunications Group Holdings, LLC, d/b/a Spirit Communications and its operating entities; that I have read the foregoing pre-filed testimony and know the contents thereof; and that said contents are true.

Michael D. Baldwin

SWORN to before me this

8 day of August, 2014.

Julie R. Cathcart L.S.
Notary Public for South Carolina
My Commission expires: My Commission Expires July 26, 2017

COLUMBIA 1174615v1

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2014-276-C

Application of South Carolina Telecommunications Group Holdings LLC, d/b/a Spirit Communications for a Certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services, and for Flexible and Alternative Regulation	)

CERTIFICATE OF SERVICE

I, Heather M. Elder, do hereby certify that I have this date served one (1) copy of the verified testimony of Michael D. Baldwin on behalf of South Carolina Telecommunications Group Holdings LLC, d/b/a Spirit Communications in the above-referenced docket upon the following parties causing said copy to be deposited with the United States Postal Service, first class postage prepaid and properly affixed thereto, and addressed as follows:

C. Lessie Hammonds, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, South Carolina 29201

Heather M. Elder, Legal Assistant
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Columbia, South Carolina 29211

August 11, 2014

Columbia, South Carolina