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POSTED AW 2-24-03

RECEIVED 2003 FEB 24 PM 2:56 SC PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

JEFFREY L. LAWRIMORE

ON BEHALF OF

FTC COMMUNICATIONS, INC.

DOCKET NO. 2002-333-C

Q. HAVE YOU EVER GIVEN TESTIMONY IN THESE PROCEEDINGS ON BEHALF OF FARMERS TELEPHONE COOPERATIVE, INC.?

A.. Yes, and I would like to supplement the record with additional testimony offered on behalf of FTC Communications, Inc. which was joined as a party in these proceedings.

Q. WHAT IS YOUR POSITION AT FTC COMMUNICATIONS, INC.?

A. I serve as its Treasurer.

Q. WHAT DUTIES DO YOU PERFORM AT FTC COMMUNICATIONS, INC.?

A. I provide accounting services and undertake to review and evaluate financial issues for FTC Communications, Inc., including identifying costs of service related to directory assistance on a wholesale basis.

S.C. PUBLIC SERVICE COMMISSION RECEIVED UTILITIES DEPARTMENT

Q. HAS FTC COMMUNICATIONS, INC. PROVIDED INFORMATION TO THE CONSUMER ADVOCATE IN RESPONSE TO INTERROGATORIES PROPOUNDED BY THE CONSUMER ADVOCATE?

A. Yes.

Q. WAS THE INFORMATION SUBJECT TO A CONFIDENTIAL AGREEMENT WITH THE CONSUMER ADVOCATE?

RETURN DATE: OK OW
SERVICE: OK OW

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A. Yes.

Q. WHAT WAS THE NATURE OF THE INFORMATION?

A. Cost studies and information relating to the basis for the new wholesale rate charged to FTC Communications, Inc. of $0.50 per request; a report of the number of customers which use FTC Communications, Inc. as a provider; and information on the only outside supplier of service to FTC Communications, Inc.

Q. DO YOU CONSIDER THIS INFORMATION PROPRIETARY AND CONFIDENTIAL?

A. Yes.

Q. WOULD FTC COMMUNICATIONS, INC. MAKE IT AVAILABLE TO THE COMMISSION?

A. Yes.

Q. DO YOU REQUEST SUCH INFORMATION BE PROTECTED FROM PUBLIC DISCLOSURE?

A. Yes, and the Company has submitted it to the Commission in a sealed envelope requesting it be reviewed by the Commission and its staff only.

Q. WHAT WAS THE RESULT OF YOUR STUDY ON COST OF DIRECTORY ASSISTANCE SERVICE TO FTC COMMUNICATIONS, INC.?

A. FTC Communications, Inc. will essentially break even assuming current conditions remain constant.

Q. HAVE YOU PREPARED AN EXHIBIT WHICH DEPICTS THE RESULT OF YOUR STUDY?

A. Yes, and I have submitted it to the Commission requesting its use be limited to the Commission's use in reviewing FTC's request for an increase in its retail rate and not disclosed publicly.

Q. IS THE WHOLESALE RATE OF $0.50 PER REQUEST UNIFORMLY CHARGED TO ALL FTC COMMUNICATIONS, INC. RETAIL CONSUMERS, INCLUDING FTC?

A. Yes.

Q. DO YOU KNOW IF THE WHOLESALE RATE REPRESENTS THE ONLY COST OF SERVICE AT THE RETAIL LEVEL?

A. As CFO of FTC, the wholesale rate charged by FTC Communications, Inc. is the fundamental consideration in setting its retail rate. The retail rate must cover this cost, but FTC has to also consider costs of billing and collecting, routine settlement with FTC Communications, Inc., customer service inquiries and the requests that are not charged to customers. I believe the retail rate requested of $0.85 per request is justified under these circumstances and represents a fair rate to the consumer given the wholesale rate and imbedded cost of providing retail service. FTC does not charge for two requests per consumer per month and does not charge disabled consumers but incurs a wholesale charge which results in no offsetting revenue and when you consider this, along with overall cost, FTC's requested rate is fair and justified in my opinion. Furthermore the proposed increase does not increase FTC's rate of return above that approved by the Commission.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

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