BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

In Re:

Petition of Charter Fiberlink SC – CCO, LLC For Arbitration of Certain Terms and Conditions of Proposed Agreement with Chesnee Telephone Company, Inc. Concerning Interconnection under the Communications Act of 1934, as amended by the Telecommunications Act of 1996	)	Docket No. 2006-137-C
Petition of Charter Fiberlink SC – CCO, LLC For Arbitration of Certain Terms and Conditions of Proposed Agreement with West Carolina Rural Telephone Cooperative, Inc. Concerning Interconnection under the Communications Act of 1934, as amended by the Telecommunications Act of 1996	)	Docket No. 2006-138-C
Petition of Charter Fiberlink SC – CCO, LLC For Arbitration of Certain Terms and Conditions of Proposed Agreement with Lockhart Telephone Company Concerning Interconnection under the Communications Act of 1934, as amended by the Telecommunications Act of 1996	)	Docket No. 2006-139-C

DIRECT TESTIMONY OF
DOUGLAS DUNCAN MEREDITH
ON BEHALF OF

CHESNEE TELEPHONE COMPANY, INC.
WEST CAROLINA RURAL TELEPHONE COOPERATIVE, INC. AND
LOCKHART TELEPHONE COMPANY

July 20, 2006

THIS DOCUMENT IS AN EXACT DUPLICATE, WITH THE EXCEPTION OF THE FORM OF THE SIGNATURE, OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

Q: Are you the same Douglas Meredith providing testimony for the unresolved common issues in the above captioned Dockets and in Docket No. 2006-142-C?

A: Yes.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Chesnee Telephone Company, Inc., West Carolina Telephone Cooperative, Inc., and Lockhart Telephone Company ("RLECs").

Q: What is the purpose of your testimony?

A: My purpose is to address one arbitration issue (issue number 28) identified by Charter Fiberlink ("Charter") which pertains to these three companies. I review this issue and provide testimony in support of the RLECs' position on this issue.

Issue No. 28

Pursuant to 47 CFR § 51.715, must the ILEC immediately enter into an interim traffic exchange arrangement, as requested by Charter Fiberlink, and should the Commission direct the ILEC to immediately execute and implement Exhibit C?

Q: What is the central dispute regarding issue number 28?

A: Issue number 28 deals with the application of an FCC rule requiring incumbent local exchange carriers to use interim transport and termination prices when these

prices are the sole issues of disagreement between a new entrant and an incumbent local exchange carrier.

Q: Does 47 C.F.R. § 51.715 apply to the RLECs?

A: No. The duties of incumbent local exchange carriers in the regulation do not apply to rural local exchange carriers. In its discussion of this rule, the FCC stated "we also note that certain small incumbent LECs are not subject to our rules under Section 251(f)(1) of the 1996 Act, unless otherwise determined by a state commission, and certain other small incumbent LECs may seek relief from their state commissions from our rules under section 251(f)(2) of the 1996 Act."[1] Thus, the Federal Communications Commission ("FCC") expressed its desire to limit the scope of this regulation. The RLECs are rural local exchange carriers under the Act. This rule does not apply.

Furthermore, the RLECs justifiably object to the terms of the interim agreement proposed by Charter in its Petition for Arbitration because in addition to seeking interim rates pursuant to the rule, Charter also seeks to impose conditions that would require the RLECs to be financially responsible for the costs of transporting traffic to POIs located outside the RLECs' respective networks.[2] The RLECs object to Charter's proposal because Charter's attempt to establish the

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[1] *See* Local Competition Order, FCC 96-325 at ¶ 1068.

[2] In the Proposed Interim Agreement – Exhibit C, Charter requires the RLECs to bear all costs of delivering the traffic to the transiting carrier(s) and all charges payable to the transiting carrier(s) for transit service with respect to local traffic. This would establish a POI outside the RLEC's network and would be contrary to the FCC's interpretation of the duties of incumbent local exchange carriers.

POI through an interim arrangement goes well beyond the scope of the rule, which deals only with interim transport and termination pricing.

Q: Turning to the rule itself, assuming the rule did apply to the RLECs, are the RLECs providing transport and termination in accordance with the rule?

A: Yes. The rule states the ILEC must provide transport and termination of traffic under specific rates. Transport and termination is specifically defined by FCC rules.[3] The RLECs are providing transport and termination for traffic received from Charter. The calls are being delivered to the called party within the RLECs' service areas. The compensation for transport and termination between the carriers for these calls is a bill-and-keep compensation arrangement.

Q: Are calls originated by RLEC customers destined to Charter customers in RBOC areas being completed?

A: Yes. Calls originated by RLEC customers are being completed to Charter customers.

Q: Does FCC rule 51.715 direct that calls originated by RLEC customers and destined to Charter customers be rated as local calls?

A: No. This rule addresses the wholesale pricing arrangement between two carriers. Specifically, it addresses what shall be the reciprocal compensation rate for transport and termination provided by the ILEC. It does not address the retail arrangement the RLEC has with its end-user customers.

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[3] *See* 47 CFR §51.701(c)-(e).

1 **Q: What is your recommendation for issue number 28?**

2 A: I recommend the Commission deny Charter's attempt to apply FCC rule 51.715 in
3 this proceeding or establish any interim arrangement. As discussed in detail in
4 my testimony regarding common issues, the Commission should require Charter
5 to establish POIs within the RLECs' respective networks and be responsible for
6 all interconnection costs on its side of these POIs.

7

8 **Q: Does this end your testimony on issue number 28?**

9 A: Yes.

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

CERTIFICATE OF SERVICE

In Re:

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I, Rebecca W. Martin, Secretary for McNair Law Firm, P. A., do hereby certify that I have this date served one (1) copy of the Direct Testimony of Douglas Duncan Meredith on behalf of Chesnee Telephone Company, West Carolina Rural Telephone Cooperative, Inc., and Lockhart Telephone Company in the above-referenced matters on the following parties of record by causing said copies to be deposited with the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below.

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