

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

IN Re: Joint Application of Frontier )  
Communications Corporation, New )  
Communications of the Carolinas, Inc., )  
New Communications Online, and Long )  
Distance, LLC, and Verizon Enterprise )  
Solutions LLC for Approval of the Sale of )  
Assets and the Transfer of Authority and )  
Certificates )

Docket No. 2009-220-C

**TESTIMONY OF**

**CHARLES W. KING**

On Behalf of  
**THE DEPARTMENT OF DEFENSE**  
And  
**ALL OTHER FEDERAL EXECUTIVE AGENCIES**

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July 30, 2009

RECEIVED  
PUBLIC SERVICE COMMISSION  
JUL 30 2009

**DIRECT TESTIMONY OF****CHARLES W. KING****QUALIFICATIONS**

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3  
4 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

5 A. My name is Charles W. King. I am President of the economic consulting firm of  
6 Snavelly King Majoros O'Connor & Bedell, Inc. ("Snavelly King"). My business  
7 address is 1111 14<sup>th</sup> Street, N.W., Suite 300, Washington, D.C. 20005.

8 **Q. PLEASE DESCRIBE SNAVELY KING.**

9 A. Snavelly King, formerly Snavelly, King & Associates, Inc., was founded by the  
10 late Carl M. Snavelly and myself in 1970 to conduct research on a consulting basis  
11 into the rates, revenues, costs and economic performance of regulated firms and  
12 industries. The firm has a professional staff of 12 economists, accountants,  
13 engineers and cost analysts. Most of its work involves the development,  
14 preparation and presentation of expert witness testimony before federal and state  
15 regulatory agencies. Over the course of its 39-year history, members of the firm  
16 have participated in over 1000 proceedings before almost all of the state  
17 commissions and all Federal commissions that regulate utilities or transportation  
18 industries.

19 **Q. HAVE YOU PREPARED A SUMMARY OF YOUR QUALIFICATIONS**  
20 **AND EXPERIENCE?**

21 A. Yes. Attachment A is a summary of my qualifications and experience.

22 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN**  
23 **REGULATORY PROCEEDINGS?**

24 A. Yes. Attachment B is a tabulation of my appearances as an expert witness before  
25 state and federal regulatory agencies. It shows that I have testified before the  
26 public utility commissions of over 40 states, including South Carolina, and I have

1 appeared before all federal agencies that regulate utilities, transportation and  
2 postal services.

3 **Q. FOR WHOM ARE YOU APPEARING IN THIS PROCEEDING?**

4 I am appearing on behalf of the consumer interests of the Department of Defense  
5 (“DoD”) representing all Federal Executive Agencies (“FEA”) in South Carolina.

6

7 **INTERESTS OF DoD/FEA**

8

9 **Q. WHY HAS DoD/FEA INTERVENED IN THIS CASE?**

10

11 A. DoD and the FEAs have numerous and varied locations throughout South  
12 Carolina. DoD, in particular, has several major installations, including Fort  
13 Jackson, Parris Island Marine Corp Depot, Charleston Air Force Base, Shaw Air  
14 Force Base, and the Charleston Naval Weapons Station. The Coast Guard has  
15 several stations situated along the South Carolina coast. In addition, there are  
16 numerous small DoD installations, serving National Guard and Reserve units.  
17 Military recruiting stations are distributed throughout the state. Likewise, the  
18 FEAs also have installations throughout the state.

19

20 This case involves the transfer of Verizon’s South Carolina exchanges and  
21 associated long distance services to Frontier Communications. One major DoD  
22 installation, Shaw Air Force Base, is located in a service territory that will be  
23 affected by this transition.<sup>1</sup> Numerous Federal offices, including facilities of the  
24 Department of Interior - Geological Survey, and offices of the Federal Bureau of  
25 Investigation, are located in the Myrtle Beach area, which will also transition to  
26 Frontier. It is vital to Federal end users that the transition be made seamlessly and  
27 without degradation of service quality or efficiency.

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<sup>1</sup> The “official” telecommunications services to the military facilities at Shaw are being performed under contract by Verizon and will continue with Verizon until the expiration of the contract. The “unofficial” services to the base housing and on-base contractors and concessionaires will be transitioned from Verizon to Frontier.

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The DoD/FEA interest, however, goes beyond the locations directly affected by the transition. Most DoD and FEA telecommunications services are procured under contract through competitive bidding procurement. The effectiveness of the competitive procurement process is, of course, dependent upon there being a number of financially strong and technically capable entities that can submit bids. It is therefore important to the DoD/FEA that the South Carolina successor to Verizon, the second largest telecommunications company in the nation, be a viable, financially sound and technologically sophisticated company that will be able to bid competitively in Federal telecommunication procurements, not just in its own service territory, but throughout the state.

Additionally, the successor to Verizon will be a wholesale provider of services and facilities to competitive retail telecommunications providers. The service quality, performance, practices and operations of this successor must support effective competition among carriers in South Carolina.

Unfortunately, the record of two recent Verizon spin-offs has not been encouraging.

#### **PREVIOUS VERIZON SPIN-OFFS**

**Q. WHAT PREVIOUS VERIZON SPIN-OFFS ARE YOU REFERRING TO?**

A. Recently, there have been two major Verizon wireline spin-offs. The first was the sale of the Hawaiian Telephone Company's assets to The Carlyle Group ("Carlyle"). The second was the sale of Verizon's northern New England wireline operations to FairPoint Communications.

**Q. PLEASE DESCRIBE THE SALE OF HAWAIIAN TELEPHONE.**

## Testimony of Charles W. King

1 A. The Hawaiian Telephone Company was created in the 1880's under the laws of  
2 the Kingdom of Hawaii. In the mid-20th century it was acquired by General  
3 Telephone and Electronics, later the GTE Corporation. It became part of the  
4 Verizon family of companies when Verizon acquired GTE in the 1990s. In 2004,  
5 Verizon sought approval to sell its Hawaiian assets to Carlyle, a private equity  
6 enterprise. Carlyle would create a new entity, Hawaiian Telcom, Inc. ("HT"), that  
7 would provide the local exchange services previously offered by Hawaiian  
8 Telephone. The applicants in that case stated that after the transition HT "will  
9 have the financial fitness and ability to fund the continuing operations of Verizon  
10 Hawaii through the revenue generated from the existing and proposed  
11 operations."<sup>2</sup> Likewise, the applicants stated that they ". . . acknowledge the  
12 importance of ensuring a seamless transition for customers and have conducted a  
13 rigorous process to select a world-class systems integrator to replicate the full  
14 functionality of the systems currently provided by Verizon."<sup>3</sup> In 2005, The Public  
15 Utilities Commission of Hawaii ("HPUC") approved the transfer subject to  
16 numerous conditions.<sup>4</sup>

17  
18 In its decision approving the sale, the HPUC stated that it would initiate an  
19 investigation of HT's service quality approximately six months after HT assumed  
20 the back-office operations that Verizon previously provided on a national basis to  
21 all of its service territories, including Hawaii. This service quality proceeding,  
22 HPUC Docket No. 2006-0400, confirmed that the transition from Verizon was far  
23 from seamless or harmless to customers. Although the HPUC has not yet  
24 rendered a decision in that proceeding, it is undisputed that for more than a year  
25 following the cutover from Verizon's back-office operations, HT was unable to  
26 collect data – even manually – as to six service standards for which the HPUC

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<sup>2</sup> Application, Docket No. 04-0140, June 21, 2004, pp. 13-14.

<sup>3</sup> *Id.*, p. 15.

<sup>4</sup> Docket No. 04-0140, Decision and Order No. 21696, March 16, 2005.

1 required reports.<sup>5</sup> Thus, the full extent of the problems associated with the  
2 transfer could not even be quantified.

3

4 As to the seven service standards for which HT was able to file reports, five dealt  
5 with call answering time. HT's ability to answer calls was lacking compared to  
6 the experience under Verizon. For example, during the nine months following the  
7 cut-over, HT's percent of residential installation and billing office calls answered  
8 in 20 seconds ranged from a low of 8.01 percent to a high of 70.37 percent,  
9 compared to the objective of 85 percent and Verizon's 2005 percentage of 87.46  
10 percent. Likewise, the answering time achieved for business installation and  
11 billing office calls following the cut-over ranged from 12.83 percent to 78.82  
12 percent compared with the objective of 85 percent and Verizon's achieved rate in  
13 2005 of 88.23 percent.<sup>6</sup> In an effort to repair the damage caused by the non-  
14 functioning systems, HT had to replace the contractor working on the transition.<sup>7</sup>

15

16 HT admitted in its pleadings that service suffered as a result of the transition from  
17 Verizon and that it created erroneous bills and was unable to handle adequately  
18 incoming calls.<sup>8</sup> HT candidly admitted that "... the cutover did unfortunately  
19 create some negative impacts on its customers."<sup>9</sup> Finally, HT agreed with the  
20 assessment of the Consumer Advocate that its "... retail customers following  
21 cutover experienced long waiting times to reach [its] contact center, extremely  
22 slow and long transaction processing times, high levels of fall out, long waiting  
23 times to repair, missed or delayed installation and repair commitments and billing  
24 errors."<sup>10</sup>

25

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<sup>5</sup> HT's Post-Hearing Brief, HPUC Docket No. 2006-0400, filed November 9, 2007 at p. 118, note 101. The missing reports included crucial data such as the percent of trouble reports cleared within 24 hours, the percent of installation and repair commitments met and customer trouble reports per 100 lines.

<sup>6</sup> HT's February 15, 2007 Statement of Position, HJOPC Docket No 2006-0400, pp. 39-41.

<sup>7</sup> *Id.*, pp. 74-77.

<sup>8</sup> *Id.*, pp. 53-57.

<sup>9</sup> HT's August 31, 2007 Final Position Statement, HPUC Docket No. 2006-0400, p. 21.

<sup>10</sup> *Id.*, p. 7.

## Testimony of Charles W. King

1 The cutover from Verizon's back-office operations also caused significant  
2 problems for HT's wholesale customers. One Competitive Local Exchange  
3 Carrier ("CLEC"), Time Warner Telecom of Hawaii, L.P. ("TWTC"),  
4 summarized the problems as follows:

5 HT's conversion to its new back office systems was a failure by any  
6 measure. Immediately following cutover, virtually none of the  
7 wholesale back office systems were functioning. Today, 19 months  
8 after cutover, they are still not functioning at the same level as the  
9 Verizon systems. Although HT has made significant progress in  
10 addressing its issues, those efforts are not complete.

11 HT violated the Merger Decision and the Stipulation by failing to  
12 provide the same or similar functionality for wholesale service as  
13 previously provided by Verizon, and by failing to remain on the  
14 Verizon systems until HT's new systems were fully tested and  
15 operational. These violations significantly harmed TWTC and HT's  
16 other customers.<sup>11</sup>

17  
18 In summary, the applicants in the Hawaii sale promised a seamless transition to  
19 HT's back-office systems, but the record in that case -- including HT's own  
20 pleadings -- shows that both wholesale and retail customers suffered significantly  
21 from the failure of automated systems, dropped calls, long call answering and  
22 holding times, billing errors and costly manual efforts to correct the deficiencies.  
23 HT was not able to track repair and installation times, so that data for these  
24 critical service quality metrics could not even be assessed in determining the  
25 adverse effects of the transition to HT's systems.  
26

27  
28 On December 1, 2008, HT filed for Chapter 11 bankruptcy protection.<sup>12</sup> The  
29 public explanation for the bankruptcy was excessive debt load, but the costs and  
30 lost customers resulting from HT's poor service quality probably contributed to  
31 the Company's inability to service its debt.

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<sup>11</sup>Time Warner Telecom of Hawaii, L.P., dba Oceanic Communications' Post-hearing Brief, HPUC Docket No. 2006-0400, November 9, 2007, p. 2. (footnote omitted). The text of the brief contains a detailed description of HT's numerous failures in connection with providing wholesale service after acquiring the Verizon exchanges, and the adverse impact that the failures had on Time Warner and its customers. Another CLEC, Pacific LightNet, Inc., filed a Post-hearing Brief asserting that the flawed transfer of operations caused it to incur additional expense to resolve interconnection problems and billing errors.

<sup>12</sup>See Hawaiian Telcom Communications, Inc., Securities and Exchange Commission Form 8-K filed December 1, 2008, and HT's December 1, 2008 Press Release contained in that filing.

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**Q. PLEASE DESCRIBE VERIZON'S SALE OF NEW ENGLAND OPERATIONS TO FAIRPOINT.**

A At the beginning of 2007, FairPoint Communications ("FairPoint") was an incumbent local exchange telecommunications company with about 330,000 access lines. In that year, Verizon New England, Inc., FairPoint, and affiliated firms announced a planned \$2.4 billion transaction, generally similar to that proposed in South Carolina, under which FairPoint would obtain Verizon's landline businesses in Maine, New Hampshire and Vermont.

The proposed transaction was controversial and the implementation of the sale was seriously flawed in all three of these states. In Vermont, for example, the Public Service Board initially denied the application. The petitioners submitted a revised proposal, in which they improved the transaction from the standpoint of ratepayers in several ways. The revised proposal bettered FairPoint's financial standing after the acquisition by substantially reducing the initial debt and decreasing dividends. In addition, the proposal was revised to include a Performance Enhancement Plan, which was designed to prompt more investment and improve service quality by mandating that FairPoint set aside funds when it fails to meet certain specified service standards. Also FairPoint agreed to an independent monitor of the transition from Verizon's systems to its own, with the objective of making the transition more seamless and further safeguard consumers.<sup>13</sup>

The Vermont Public Service Board approved the transfer with additional conditions on February 15, 2008.<sup>14</sup> Recently, the Board noted that it continues to receive "unprecedented levels" of complaints since FairPoint began operating under its own systems rather than Verizon's on Feb. 9, 2009, ranging from billing

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<sup>13</sup> Vermont Public Service Board Docket No. 7270, Order entered February 15, 2008.

<sup>14</sup> *Id.*



## Testimony of Charles W. King

1 errors, to repair and delivery problems and trouble reaching customer service  
2 representatives.<sup>15</sup> However, the problems continue. Indeed, service has  
3 deteriorated to the extent that the Board has called for an investigation into  
4 whether the Company should be allowed to continue its operations in the state if it  
5 cannot overcome its customer service, billing, and operational problems.<sup>1617</sup>

6  
7 On July 1, 2009, FairPoint's new CEO, David Hauser, candidly acknowledged  
8 that FairPoint's reputation has been damaged by operational problems following  
9 the takeover of Verizon's northern New England landline telephone and Internet  
10 business. Attachment D to this testimony is a complete copy of Mr. Hauser's  
11 statement.

12 On May 5, 2009 FairPoint indicated in its First Quarter Report that it was  
13 "considering engaging a financial advisor to evaluate its current capital structure  
14 and to explore options with respect to a potential restructuring." It also  
15 acknowledged that it was "at risk of failing to comply with the interest coverage  
16 covenant contained in its credit facility as early as the covenant measurement  
17 period ending June 30, 2009."<sup>18</sup>

18 **Q. WHAT IS THE LESSON FROM THESE PREVIOUS VERIZON SPIN-**  
19 **OFFS?**

20 A. Both the Hawaii and the FairPoint transactions were described as seamless and of  
21 no harm to consumers, much as this transaction in South Carolina has been  
22 described by Frontier and Verizon. Events proved otherwise in each case. In view  
23 of this history, the Commission must view with great suspicion any statements by  
24 Verizon and Frontier that there will be no impact on customers from the transfer.

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<sup>15</sup> Associated Press, Lisa Rathke, July 15, 2009.

<sup>16</sup> Vermont Docket No. 7270 Information Page at <http://www.state.vt.us/psb/document/>

<sup>17</sup> This testimony has focused on Vermont, but the problems exist in the other states as well. For example, on July 29, 2009, the day before this testimony filing, the *Bangor Daily News* reported that the Maine Public Utility Commission refused to waive the financial penalties that FairPoint had incurred for poor service performance.

<sup>18</sup> FairPoint Communications SEC Form 10-Q, March 31, 2009, page 46.

1 It is important that this Commission establish safeguards to ensure that the  
2 difficulties that arose in these previous spin-offs will not be repeated in South  
3 Carolina.

4

5 **OBJECTIVE OF THIS INTERVENTION**

6

7 **Q. DO YOU OPPOSE THIS TRANSACTION?**

8

9 A. Not necessarily. With adequate and focused safeguards, this transaction should  
10 be in the public interest. As Frontier's witness states in his testimony, Frontier is  
11 a rurally oriented local exchange carrier with many years of experience.<sup>19</sup> It  
12 appears eager to expand the scope of services offered in South Carolina,  
13 particularly high-speed Internet service. To deny this transaction would be to  
14 require Verizon to continue to serve exchanges it would prefer to exit and  
15 customers it would prefer not to have. This would not be a prescription for  
16 reliable, efficient and responsive telecommunications service.

17

18 **Q. WHAT, THEN, IS YOUR CONCERN IN THIS PROCEEDING?**

19

20 A. I am concerned that the transition from Verizon to Frontier be as seamless as  
21 possible and that there be no cost increases or service quality losses. In this  
22 testimony, I recommend several conditions that should be imposed on Frontier as  
23 part of the approval of the transaction. If Frontier is prepared to meet the  
24 commitment it has made to transparency and seamlessness, then these conditions  
25 should be altogether painless.

26

27 These conditions relate to two principal areas of concern to me. The first area is  
28 the financial health of the South Carolina operation. The second is the  
29 maintenance of adequate service quality in the South Carolina exchanges.

30

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<sup>19</sup> Direct Testimony of Daniel McCarthy, page 4.

1 **FINANCIAL HEALTH OF SOUTH CAROLINA OPERATIONS**

2

3 **Q. WHY ARE YOU CONCERNED ABOUT THE FINANCIAL HEALTH OF**  
 4 **THE SOUTH CAROLINA OPERATIONS?**

5

6 **A. Some historical numbers describing Frontier will explain this concern:**

7

	<b>Frontier Communications Corporation<sup>20</sup></b>					
	2004	2005	2006	2007	2008	5-Yr Total
Earnings per Share	\$ 0.23	\$ 0.60	\$ 1.06	\$ 0.65	\$ 0.57	\$ 2.90
Dividends per Share	2.50	1.00	1.00	1.00	1.00	6.50
Long-term Debt Borrowing	700,000	-	550,000	950,000	135,000	2,335,000
Common Stock Buybacks		(250,000)	(135,239)	(250,000)	(200,000)	(835,239)
Dividends Paid	(832,768)	(338,364)	(323,671)	(336,025)	(318,437)	(2,149,265)

8

9 This table demonstrates that Frontier has repeatedly issued dividends well in  
 10 excess of its net income, and it has in effect financed those dividends through  
 11 long-term borrowing. It appears from these numbers that not a penny of the  
 12 Company's recent borrowing has gone into plant or equipment. Instead, it has  
 13 gone to shareholders.

14

15 Frontier has promised to reduce its post-transaction dividend to \$0.75 per share.  
 16 Unless earnings per share improve dramatically, this reduction will still result in a  
 17 dividend greater than net income. A \$0.75 dividend is still over 30 percent  
 18 greater than the Company's 2008 earnings per share.

19

20 As a result of this over-generous dividend policy, Frontier's stock price, currently  
 21 at about \$6.90 per share, is over four times its book value. Even at the reduced

<sup>20</sup>Source: Frontier Communications Annual Report Forms 10-K to the Securities & Exchange Commission

1 dividend of \$.75, the dividend yield is just under 11 percent. This very high  
 2 dividend yield indicates that investors have little expectation of further stock  
 3 appreciation, not a good harbinger for the future.

4  
 5 This strategy of paying shareholders with long-term debt borrowing is  
 6 unsustainable. The book value of Frontier's equity is now only about ten percent  
 7 of the total asset value of the Company. Thanks to Frontier's very generous  
 8 treatment of its shareholders, the market value of its equity is considerably higher,  
 9 about 35 percent. But Frontier cannot continue indefinitely to issue dividends  
 10 greater than its net income. Either it must dramatically increase its earnings per  
 11 share, or it must reduce further its dividend. If it reduces its dividend, the market  
 12 value of its stock will likely decline and the Company will become severely over-  
 13 leveraged.

14  
 15 Frontier must change its ways; otherwise it will be unable to raise further capital.  
 16 Even now, Frontier bears an S&P rating of BB, below the level acceptable for  
 17 investment in pension and benefit funds. Any further deterioration of Frontier's  
 18 financial condition will constrain Frontier's access to both debt and equity capital,  
 19 and that will threaten the investments that Frontier has indicated that it will make  
 20 in its newly acquired South Carolina exchanges.

21  
 22 **Q. WHAT WILL BE THE EFFECT OF THIS TRANSACTION ON**  
 23 **FRONTIER'S HEALTH?**

24  
 25 A. Frontier is absorbing an entity twice its size.<sup>21</sup>

	<u>Frontier</u>	<u>Verizon Lines ("SpinCo")</u>
26		
27		
28	2,254,333	4,790,673
29		
30	\$2,137	\$4,287

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<sup>21</sup> Presentation of Frontier Communications at the Barclays Capital Worldwide Wireless and Wireline Conference, May 2009, pages 19 and 24.

1  
2 There are important financial and service implications from his relationship. The  
3 principal financial implication is that Frontier's balance sheet and income  
4 statement will be very significantly impacted by the debt/equity mix and  
5 profitability of the newly acquired exchanges. In the near term, the impact will be  
6 quite positive. The approximately 60 percent (\$5,247 million) of the value of the  
7 transferred assets (\$8,580 million) will take the form of a transfer of equity.  
8 Verizon will create a temporary corporation, called "SpinCo," the stock of which  
9 will be distributed to Verizon's existing shareholders. That stock will then be  
10 transferred to Frontier, so that each Verizon shareholder will become a  
11 shareholder in Frontier. This is essentially a cost-free transaction for both  
12 Frontier and Verizon. The remaining 40 percent (\$3,333 million) will be debt (or  
13 debt relief) that the new entity, SpinCo, will pay to Verizon.<sup>22</sup>

14  
15 The result of this transaction will be a Frontier that is considerably less leveraged  
16 than the existing company. Its equity proportion of total capital will increase  
17 from 35 percent to 49 percent, and its debt proportion will fall correspondingly  
18 from 65 percent to 51 percent. The ratio of net debt to Earnings Before Interest,  
19 Taxes, Deprecation and Amortization ("EBITDA") will decline from 3.8 times to  
20 2.2 times. Other ratios will improve as well, although not quite so dramatically.  
21 The ratio of EBITDA to total revenue will increase from 54.3 percent to 55.7  
22 percent, and the free cash flow per share of stock will increase from \$1.58 to  
23 \$1.75.

24  
25 **Q. WILL THESE IMPROVED FINANCIAL RATIOS ALLEVIATE YOUR**  
26 **CONCERN ABOUT FRONTIER'S FINANCIAL HEALTH?**

27  
28 **A.** No. I am concerned that this improvement in Frontier's financial condition will  
29 serve merely to perpetuate the past pattern of paying shareholders more than the  
30 earnings of the Company. Unless Frontier is willing to limit its dividends to the

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<sup>22</sup> *Id.*, pages 15 and 19.

1 level of earnings per share, it will again erode its ability to raise capital for the  
2 investments needed to expand services to its customers in South Carolina.

3

4 **Q. WHAT CAN THE SOUTH CAROLINA PUBLIC SERVICE**  
5 **COMMISSION DO ABOUT THIS SITUATION?**

6

7 A. I doubt that the South Carolina Commission is interested in micro-managing  
8 Frontier, or that it wishes to dictate the nation-wide financial policies of the  
9 Frontier Communications Corporation. The Commission's focus is on  
10 telecommunications services in South Carolina.

11

12 South Carolina will be served by a subsidiary of Frontier called Frontier  
13 Communications of the Carolinas, Inc. That subsidiary will certainly prepare a  
14 balance sheet, income statement and cash flow statement each year. The income  
15 statement will identify the income for the previous year. The cash flow statement  
16 will identify the dividends that the Company pays to its parent.

17

18 The South Carolina Commission should condition its approval of this transaction  
19 on a requirement that Frontier Communications of the Carolinas will not in any  
20 year issue dividends that exceed the level of its net income. This provision will  
21 help keep South Carolina secure from any raid by the parent company on the cash  
22 generation of the subsidiary serving the state. In a small way this condition may  
23 also discourage the parent company from distributing more dividends to its  
24 shareholders than it earns from its operations.

25

26 To deal with the prospect that Frontier will again move to an over-leveraged  
27 condition, I recommend safeguards be developed similar to the following  
28 language from the Oregon Public Utilities Commission's May 11, 2009 approval  
29 of the merger of CenturyTel, Inc. and Embarq Corporation:

30

31 At any time when the condition in subsection (i) [below] exists, the  
32 Operating Companies of the merged company will limit payments of

1 dividends on common equity distributed to any company (including  
 2 affiliates and subsidiaries) of [Frontier] holding shares of the operating  
 3 companies in any year to an amount not more than 50% of net income in  
 4 the preceding fiscal year. The Operating Companies will limit payment  
 5 of dividends on common equity in any quarter, if dividends are  
 6 distributed quarterly, to not more than one-fourth of the annual limitation  
 7 amount.

8  
 9 (i) The average market value of [Frontier's] common equity is less than  
 10 50 percent of the book value of [Frontier's] net debt. The average  
 11 market value of [Frontier's] common equity will be calculated using  
 12 the average stock price and the average number of fully-diluted shares  
 13 outstanding during the preceding 120 calendar days. As used in this  
 14 section, "net debt" means total long-term debt less cash. This test will  
 15 be calculated prior to the determination of each declaration of  
 16 dividend, whether quarterly, special, or other.<sup>23</sup>  
 17

18 These requirements can be enforced by periodic audits and the application of the  
 19 Commission's existing general powers to enforce its orders.  
 20

21 **Q. ARE THERE ANY OTHER CONCERNS REGARDING FRONTIER'S**  
 22 **FINANCES?**

23  
 24 A. Yes. As I have noted, the \$0.75 dividend that Frontier proposes to pay to its  
 25 shareholders still exceeds its earnings per share by about 30 percent. Frontier is  
 26 therefore under fairly severe pressure to increase its earnings. This pressure could  
 27 result in a campaign of rate increases that would burden ratepayers who remain  
 28 dependent on Frontier's landline telephone services.<sup>24</sup>  
 29

30 **Q. WHAT DO YOU RECOMMEND TO RESOLVE THIS CONCERN?**

31  
 32 A. It is my understanding that the South Carolina Commission has retreated from any  
 33 significant price regulation of telephone services. I do not propose that it  
 34 immediately reverse this policy with respect to Frontier simply because of the

<sup>23</sup> Oregon P.U.C. Order No. 09-169, May 11, 2009, Appendix B, Sec. 4j.

<sup>24</sup> Transaction costs associated with this transfer add a further incentive to increase revenue. The recovery of these costs from ratepayers in most cases would be inappropriate because ratepayers are not responsible for them. These costs would not be incurred were it not for the transaction.

1 Verizon line transfer. However, if the result of that acquisition is very large price  
 2 increases for basic residential and small business access line service, then the  
 3 Commission should seriously consider re-imposing some limited price regulation.  
 4 Specifically, I recommend that if Frontier’s basic residential and small business  
 5 (single or double line) rates increase by more than 10 percent in a given year, then  
 6 the Commission should convene a proceeding to consider whether caps should be  
 7 imposed to limit further rate increases.

8  
 9 **SERVICE QUALITY CONCERNS**

10  
 11 **Q. WHY ARE YOU CONCERNED ABOUT THE SERVICE QUALITY**  
 12 **RESULTING FROM THIS TRANSACTION?**

13  
 14 A. As noted earlier in my testimony, the two recent large Verizon spin-offs have  
 15 resulted in severe service quality degradation. I am concerned that this pattern not  
 16 be repeated in South Carolina following the Verizon-to-Frontier transition. This  
 17 concern is amplified by the following service quality indicators published by the  
 18 Federal Communications Commission (“FCC”):

	<u>Nationwide</u>		
	Frontier/ Citizens	Verizon	Verizon South Carolina
19			
20			
21			
22	1. <u>Installation Interval (days)</u>		
23	Business Lines	5.9	1.9
24	All Lines	5.6	1.7
25			
26	2. <u>% Local Installation Commitments Not Met</u>		
27	Business Lines	4.3%	2.8%
28	All Lines	3.7%	1.7%
29			
30	3. <u>Trouble Reports per Month per 100 Lines</u>		
31	Business Lines	1.58	0.77
32	All Lines	2.78	1.63
33			
34	4. <u>Complaints to Regulatory Agencies</u>		
35	(Per Million Lines)		
36	Business Lines	112	50
37	All Lines	352	350



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5. Repeat Out of Service Trouble Reports as a Percentage Of Initial Out of Service Trouble Reports

Business Lines	13.4%	13.7%	11.3%
All Lines	16.9%	15.5%	16.2%

6. Out of Service Repair Interval (hours)

Business Lines	21.3	18.9	15.7
All Lines	24.2	35.5	19.8

Source: 2008 FCC ARMIS 43-05 Reports

In every case but two, Frontier scores worse nationally than Verizon nationally. These differences might be explained by the fact that Verizon serves many high-density urban areas. However, Verizon’s South Carolina operations are mostly small town and rural, and even there, Verizon’s performance is better than that of Frontier for all but one of the measures.

These comparisons do not bode well for the service quality that can be expected following the transfer of Verizon’s South Carolina operations to Frontier. They are of particular concern given that Frontier has no existing operations in either of the Carolinas, the two states that will make up the new Frontier Communications of the Carolinas. Frontier will be operating with employees, protocols and Information Technology systems transferred from Verizon, with which Frontier’s management will not be familiar.

**Q. DOES THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION HAVE ESTABLISHED STANDARDS FOR TELECOMMUNICATIONS SERVICE?**

**A.** Yes. Chapter 103, Article 8(6) of the South Carolina Code of Regulations sets forth the following standards:

Availability of service - 85 percent of orders for installations or re-installations filled within 5 working days.

Equipment capabilities -- on an average business day (8 am to 5 pm) the failure rate on interoffice calls shall not exceed 1.5 percent, and the failure rate on interoffice calls shall not exceed 3 percent.

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Dial tone - 98 percent of all calls receive dial tone within three seconds.

Answering times - 90 percent of toll and operator assistance calls answered within 10 seconds, 90 percent of calls to repair service answered within 20 seconds, and 80 percent of calls to directory service answered within 30 seconds.

Trouble reports - For each exchange with at least 7,500 access lines, trouble rate shall not exceed 5.0 reports per 100 access lines

Trouble clearance - Provision must be made to "normally" clear trouble within 24 hours, except weekends, unless customer agrees to an extension. The aggregate standard is 85 percent cleared within 24 hours.

**Q. ARE THESE STANDARDS SUFFICIENT TO ENSURE ADEQUATE SERVICE QUALITY IN THE EXCHANGES THAT WILL BE TRANSFERRED FROM VERIZON TO FRONTIER?**

A. No. I believe they can be expanded. In addition, there needs to be simple, direct and timely mechanisms to enforce the service quality performance standards, thereby providing an incentive for Frontier to maintain its reliability and efficiency.

**Q. WHAT ADDITIONAL STANDARDS CAN YOU SUGGEST?**

A. Earlier in my testimony, I listed six service performance measures that the FCC regularly reports. They identify the level of service currently being offered by Verizon in South Carolina and Frontier's performance nationally. If this transaction is to be seamless and transparent to customers Frontier must meet Verizon's prior performance in South Carolina wherever it is better than Frontier's. In the one case where Frontier performs better than Verizon-South Carolina, the Frontier performance should be the standard.

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These criteria result in the following minimum service standards:

1. <u>Installation Interval (days)</u>		
Business Lines		1.9
All Lines		1.1
2. <u>% Local Installation Commitments Not Met</u>		
Business Lines		4.3%
All Lines		3.3%
3. <u>Trouble Reports per Month per 100 Lines</u>		
Business Lines		0.97
All Lines		1.89
4. <u>Complaints to Regulatory Agencies</u> (Per Million Lines)		
Business Lines		79
All Lines		213
5. <u>Repeat Out of Service Trouble Reports as a Percentage</u> <u>Of Initial Out of Service Trouble Reports</u>		
Business Lines		11.3%
All Lines		16.2%
6. <u>Out of Service Repair Interval (hours)</u>		
Business Lines		15.7
All Lines		19.8

**Q. FRONTIER WITNESS McCARTHY ARGUES THAT FRONTIER WILL NOT ENCOUNTER THE SERVICE PROBLEMS THAT PLAGUED THE TWO PREVIOUS VERIZON SPIN-OFFS. WHAT IS YOUR RESPONSE?**

A. Mr. McCarthy’s position is that since Frontier is already a substantial operating company with established billing, operational and customer service systems in place, it will be able to transition its new service territories seamlessly and without any deterioration in service quality.

I very much hope that Mr. McCarthy is correct. However, the reality is that Verizon’s billing, operating and customer service systems are not the same as Frontier’s, and if Frontier is to have uniform systems nationwide, it will

## Testimony of Charles W. King

1 eventually have to cut the Verizon protocols over to its systems. In previous  
2 cases, this cutover has proved to be difficult and costly.

3 As noted earlier, this condition is of particular concern in South Carolina because  
4 there is no existing Frontier presence in the state. All employees, systems,  
5 protocols and practices are those of Verizon. The conversion to Frontier will  
6 involve all of the Company's activities in South Carolina.

7 Another concern relates to planning. In response to a data request in the West  
8 Virginia proceeding parallel to this one, Frontier stated that it had no capital  
9 budget for the year 2010.<sup>25</sup> This is ominous because most utility companies have  
10 capital budgets five years out. If Frontier has no plan for capital expenditures, the  
11 Commission should question the seriousness its promise to increase greatly the  
12 proportion of South Carolina subscribers with access to the Internet.<sup>26</sup>

13 For these reasons, it is important for the South Carolina Commission to monitor  
14 Frontier's service performance. To be a deterrent against service degradation, the  
15 Commission should be prepared to impose sanctions if service performance  
16 deteriorates.

17

18 **SANCTIONS FOR POOR PERFORMANCE**

19

20 **Q. WHAT SANCTIONS MIGHT THE COMMISSION IMPOSE IN ORDER**  
21 **TO ENSURE ADEQUATE SERVICE QUALITY?**

22

23 A. The first sanction has to do with reporting. The Commission should set a date  
24 certain by which Frontier must file all of the required service quality reports. I  
25 recommend that the initial filing date be 90 days following the consummation of  
26 the transaction in South Carolina. Should that date not be met, Frontier would be

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<sup>25</sup> Attachment C is a copy of this data request and its response.

<sup>26</sup> Joint Application of Verizon and FairPoint to the South Carolina P.S.C., para.24, p. 12.

## Testimony of Charles W. King

1 subject to a civil fine for its failure.<sup>27</sup> At this point, I would leave it to the  
 2 Commission to determine the amount of the fine.

3  
 4 As regards failure to meet service quality standards, there are three methods by  
 5 which the Commission could impose fines or penalties:

- 6 1. Require annual credits to the bills of all Frontier customers for Frontier's failure  
 7 to meet service standards state-wide for a consecutive number of months, or for a  
 8 total number of months during a year.
- 9 2. Impose a fine on Frontier, payable to the Commission or to the state treasury, as  
 10 appropriate, for its failure to meet service quality standards for a certain  
 11 consecutive or total monthly period during a year.
- 12 3. Require credits to Frontier's customers on a customer-by-customer basis for  
 13 failure to meet a Commission-mandated provisioning or restoration standard in a  
 14 particular instance, with a credit applied to the bill following the failure.

15  
 16 The first approach would provide an incentive to Frontier to provide service  
 17 according to the prescribed standards. The disadvantage, however, is that the  
 18 annual credit is spread over the general ratepayer base and may be seen as  
 19 inadequate for customers who experienced severe problems. Moreover, because  
 20 the credit is annual, a customer who experienced problems may have moved or  
 21 changed carriers by the time that the credit is issued. In that respect, the benefit is  
 22 received by new customers whose service was not affected negatively. The  
 23 approach would be of value in a situation where service problems are extended  
 24 and severe, and the credit is large in amount, because the action would heighten  
 25 public awareness of the carrier's service deficiencies and bring pressure to  
 26 improve.

27  
 28 The second approach – payment of penalties for failure to meet service standards  
 29 – has merit as an incentive to the carrier to meet the designated service criteria.

---

<sup>27</sup> I understand that sections 58-9-1610 and 58-9-1620 of the South Carolina Code of Laws provides for a fine of \$25 to \$500 per day for a telephone company's continuing failure to comply with a Commission order.

1 The approach, however, provides no compensation to customers who received  
 2 poor service. Rather, it is a punishment that reduces the carrier's earnings and  
 3 generates negative publicity if the fine is issued in a significant amount.  
 4 Frontier's failure to provide service quality reports for an extended period is the  
 5 type of situation that this approach should encompass. This approach could be  
 6 combined with the prior approach in egregious situations to preserve the  
 7 Commission's processes and orders while making whole the affected customers.

8  
 9 Arguably most appropriate is the third approach – immediate credits to individual  
 10 customers' bills. Customers who do not receive the quality of service according  
 11 to the standard that the Commission specifies should not be expected to pay full  
 12 price for what they received. This approach – which has been adopted elsewhere  
 13 for both retail and wholesale customers – provides a financial incentive for  
 14 Frontier to provide high quality service, and the beneficiaries of the credit are the  
 15 individual customers who suffered. Importantly, the immediate nature of the  
 16 credit guarantees that the customer directly affected receives the full benefit of  
 17 Frontier's obligation to redress service failures.

18  
 19 **Q. CAN YOU ILLUSTRATE THE TYPE OF STANDARDS THAT WOULD**  
 20 **TRIGGER THE CUSTOMER CREDITS UNDER THIS LAST**  
 21 **PROPOSAL?**

22  
 23 **A.** Yes. The Commission should consider the following sanctions found in the  
 24 decision of Washington Utilities and Transportation Commission approving an  
 25 alternative form of regulation for Qwest Communications:

26 **1. Delayed Primary Basic Exchange Alternative**

27 Primary basic exchange service is defined as the first residential line or first two  
 28 business lines at a given location (address). If the Company is unable to provide  
 29 primary basic exchange service (service) within five business days of the due  
 30 date, and the reason for the delay is caused by the Company, the Company will:

- 31 Credit the monthly recurring charge,
- 32 Credit the nonrecurring charge,
- 33 Assign a telephone number,

1 Provide a directory listing and,  
 2 Remote call forwarding and,  
 3 Voice messaging service.  
 4

5 2. Out-of-Service Trouble Condition Credit

- 6 a. Customers who have an out-of-service condition (no dial tone) on their lines  
 7 that is not cleared within two working days (excluding Sundays and holidays) will  
 8 receive a credit of \$5.00.  
 9 b. If the out-of service condition exceeds seven calendar days, the customer will  
 10 receive a credit equal to their monthly local exchange service rate, including any  
 11 associated regulated features for the month in which the outage occurred.  
 12 c. These credits do not apply if the out-of service condition or the Company's  
 13 inability to clear the condition is due to:  
 14 emergency situations,  
 15 unavoidable catastrophes,  
 16 force majeure,  
 17 work stoppage,  
 18 inside wiring,  
 19 customer premises equipment.  
 20 d. All other reported service interruptions (i.e. noise on line, intermittent static,  
 21 etc.) will be restored within 72 hours. Sundays and legal holidays are excluded  
 22 from the 48 hour and 72 hour periods.  
 23

24 3. Trouble Report Rate Credit

- 25 a. In the event the Company has an exchange with a trouble report rate greater  
 26 than 4.0 per one hundred access lines, for two consecutive months or four months  
 27 out of a twelve month period, the customers served by that exchange will receive  
 28 a credit of \$0.25 per line. The credit will not exceed \$0.25 in any month.  
 29 b. The credits do not apply to trouble reports:  
 30 Related to customer premises equipment,  
 31 Extraordinary or abnormal conditions of operation, such as those resulting  
 32 from emergency or catastrophe,  
 33 Disruptions of service caused by persons or entities other than the  
 34 Company  
 35

36 I recommend that similar provisions for customer credits be included in Frontier's  
 37 tariff as a condition for the Commission's approval of this transaction. Possibly  
 38 the Commission could ask Frontier to define the conditions. That would provide  
 39 some assurance that the promises of transparency and seamlessness are not simply  
 40 pre-approval rhetoric.  
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**OTHER ISSUES**

**Q ARE THERE ANY OTHER ISSUES YOU WOULD LIKE TO RAISE AT THIS TIME?**

A. Yes. There are two. The first deals with unfunded employee benefit programs. The second with commitments that Verizon has made to customers, competitors and the Commission.

**Q. WHAT IS THE ISSUE WITH RESPECT TO UNFUNDED EMPLOYEE BENEFIT PROGRAMS?**

A. Frontier will be assuming a number of employees who previously worked for Verizon. Verizon has pension and retiree health programs that may not be fully funded. Verizon should not be allowed to transfer these liabilities to Frontier, if at all, without their being fully funded, particularly given Frontier's tenuous financial condition. This issue should be addressed as part of the approval process.

**Q. WHAT DO YOU RECOMMEND REGARDING THESE LIABILITIES?**

A. I recommend that Verizon be given a choice of fully funding the liabilities or of continuing the programs for all previous Verizon employees in South Carolina. This will free Frontier from the burden of assuming liabilities that it had no part in incurring.

**Q. WHAT IS THE ISSUE WITH RESPECT TO VERIZON'S COMMITMENTS?**



1 A. Verizon has made a number of commitments to its retail and wholesale  
2 customers, its suppliers, its employees and this Commission. The transfer of  
3 exchanges to Frontier should not become an excuse for abrogating any of these  
4 commitments.

5

6 **Q. WHAT DO YOU RECOMMEND IN THIS REGARD?**

7

8 A. I recommend that the Commission condition its approval of the transaction on  
9 Frontier's explicit acknowledgement that all commitments by Verizon will be  
10 honored by Frontier following the completion of the transfer.

11

12 **SUMMARY OF RECOMMENDATIONS**

13

14 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

15

16 A. In this testimony, I have recommended that :

- 17 ■ Frontier Communications of the Carolinas be required to limit any dividends to its  
18 parent company(ies) to no more than its net income.
- 19
- 20 ■ If Frontier's market equity is less than 50 percent of its total capitalization, then  
21 the limit on dividends be reduced to 50 percent of net income.
- 22
- 23 ■ If Frontier increases its residential and small business rates in any one year by  
24 more than 10 percent, the Commission convene a proceeding to determine  
25 whether caps should be imposed on the prices of those services.
- 26
- 27 ■ The Commission reaffirm the telephone performance standards that it has  
28 previously adopted.
- 29
- 30 ■ The Commission impose further performance standards on Frontier equal to the  
31 FCC's six measures as recorded for Verizon-South Carolina, except where the  
32 Frontier's national performance is better.
- 33
- 34 ■ The Commission consider imposing a fine for failure to report its service  
35 performance metrics within 90 days of the approval of the merger.
- 36
- 37 ■ The Commission consider requiring a credit to ratepayers for each failure to  
38 achieve the stated performance measures.

## Testimony of Charles W. King

- 1
- 2     ▪ The Commission consider imposing a fine for each failure to achieve the stated
- 3     performance measures.
- 4
- 5     ▪ The Commission require Frontier to refund and otherwise compensate customers
- 6     who have been subjected to inadequate service.
- 7
- 8     ▪ Verizon be given the choice of fully funding all unfunded employee benefit
- 9     programs or of continuing those programs for all previous Verizon employees in
- 10    South Carolina.
- 11
- 12    ▪ Condition its approval of the transaction on Frontier's acknowledgement that all
- 13    commitments by Verizon will be honored by Frontier following the completion of
- 14    the transfer.
- 15

16 **Q. DOES THIS COMPLETE YOUR TESTIMONY AT THIS TIME?**

17

- 18 A. Yes. It does at this time. However, I should point out that at this writing I have
- 19 only just received some of the voluminous responses to the data requests that we
- 20 have submitted to the applicants – Frontier and Verizon -- in this proceeding. I
- 21 therefore respectfully request the opportunity to amend or modify my testimony
- 22 should the material in the responses require it.

# Charles W. King

## Attachment A

### Experience

#### **Snavely King Majoros O'Connor & Lee, Inc.** **Washington, DC**

*President (1989 to Present)*  
*Vice President (1970 - 1989)*

Mr. King, a founder of the firm and acknowledged authority on regulatory economics, brings over thirty years of experience in economic consulting to his direction of the firm's work in transportation, utility and telecommunications economics.

Mr. King has appeared as an expert witness on over 300 separate occasions before more than thirty state and nine U.S. and Canadian federal regulatory agencies, presenting testimony on rate base calculations, rate of return, rate design, costing methodology, depreciation market forecasting, and ratemaking principles. Mr. King has also testified before House and Senate Committees on energy and telecommunications legislation pending before the U.S. Congress.

In telecommunications, Mr. King has testified before the Federal Communications Commission on a number of policy issues, service authorization, competitive impacts, video dialtone, and prescription of interstate depreciation rates. Before state regulatory bodies, he has presented testimony in proceedings on intrastate rates, costs earnings and depreciation.

Mr. King has testified in electric, gas and water utility cases on virtually every aspect of regulation, including cost of capital, revenue requirements, depreciation, cost allocation and rate design. Mr. King is one of the nation's leading authorities on utility depreciation practices, having testified on this subject in several dozen cases before state regulatory bodies.

In addition to his appearances as a witness in judicial and administrative proceedings, Mr. King has negotiated settlements among private parties and between private parties and regulatory offices. Mr. King also has directed depreciation studies, investment cost benefit analyses, demand forecasts, cost allocation studies and antitrust damage calculations. Mr. King directed analyses of the prices of services under Federal Government's FTS2000 long distance system.

In Canada, Mr. King designed and directed an extended inquiry into the principles and procedures for regulating the telecommunication carriers subject to the jurisdiction of the Canadian Transport Commission. He also was the principal investigator in the Canadian Transport Commission's comprehensive review of rail costing procedures.

#### **EBS Management Consultants, Inc.,** **Washington, DC**

*Director, Economic Development Department*  
*(1968-1970)*

Mr. King organized and directed a five-person staff of economists performing research, evaluation, and planning relating to economic development of depressed areas and communities within the U.S. Most of this work was on behalf of federal, state, and municipal agencies responsible for community or regional economic development.

*Principal Consultant (1966-1968)*

Mr. King conducted research on a broad range of economic topics, including transportation, regional economic development, communications, and physical distribution.

#### **W.B. Saunders & Company, Inc.,** **Washington, DC**

*Staff Economist (1962-1966)*

For this economic consulting firm, which later merged with EBS Management Consultants, Inc., Mr. King engaged in numerous research efforts relating primarily to economic development and transportation.

#### **U.S. Bureau of the Budget, Office of** **Statistical Standards**

*Analytical Statistician (1961-1962)*

Mr. King was responsible for the review of all federal statistical and data-gathering programs relating to transportation.

### Education

*Washington & Lee University, B.A. in Economics*

*The George Washington University, M.A. in*  
*Government Economic Policy*

CHARLES W. KING  
Snavelly King Majoros O'Connor & Lee, Inc.  
1220 L Street, N.W., Suite 410  
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(202) 371-1111  
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date of Cross-Examination
	Client	Case		
		Case Number	Utility	
AK	Exxon USA	P-89-1,2	Trans Alaska Pipeline System	October 18, 1990
AZ	Arizona Corporation Commission Arizona Retailers Association	U-1345-I U-1345-II	Arizona Public Service Co. Arizona Public Service Co.	December 16, 1980 January 15, 1981
CA	California Retailers Association California Retailers Association California Retailers Association California Retailers & California Manufacturers California Retailers Association	57666 57602 59351 59351 61138	Pacific Gas & Electric Co. Southern California Edison Pacific Gas & Electric Co. Southern California Edison Southern California Edison	March 6, 1978 April 25, 1978 June 12, 1981 May 20, 1982 May 28, 1982
CO	U. S. Department of Defense J.C. Penney Company U.S. Department of Defense U. S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense	I&S 1100 5693 I&S 1339 I&S 1540 C. Council C. Council C. Council	Colorado Springs (Elec) All Electric Utilities Colorado Springs DPU (Gas) Colorado Springs DPU (Gas) Colorado Springs DPU (Gas) Colorado Springs DPU (Elec) Colorado Springs DPU (Elec) Colorado Springs DPU (Elec)	June 14, 1977 March 8, 1978 October 18, 1979 February 9, 1982 September 30, 1984 June 6, 1985 May 19, 1986 June 30, 1987
CT	Retailers Merchants Association Division of Consumer Counsel Public Utilities Control Auto Division of Consumer Counsel Division of Consumer Counsel Division of Consumer Counsel Division of Consumer Counsel Coalition of Hotels, Alloys & Retailers Coalition of Hotels, Alloys & Retailers	72-0204 76-0604,5 78-0303 80-0403,4 81-0413 81-0602,4 82-0701 85-10-22 87-07-01	Various Electric Utilities CL&P and HELCO Bridgeport Hydraulic Co. CL&P and HELCO United Illuminating Company CL&P and HELCO CL&P CL&P CL&P	July 22, 1976 November 10, 1977 (none) August 11, 1980 July 20, 1981 October 5, 1981 September 28, 1982 (none) April 25, 1988

CHARLES W. KING  
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date of Cross-Examination
	Client	Case		
		Case Number	Utility	
DC	D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel Washington Metro Area Transit Authority Washington Metro Area Transit Authority D.C. People's Counsel Washington Metro Area Transit Authority D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel	685	Potomac Electric Power Company	March 6, 1978
		715	Potomac Electric Power Company	(none)
		725	Potomac Electric Power Company	April 4, 1980
		737	Potomac Electric Power Company	January 1, 1981
		748	Potomac Electric Power Company	June 26, 1981
		758	Potomac Electric Power Company	December 15, 1981
		785	Potomac Electric Power Company	September 21, 1982
		759	Potomac Electric Power Company	March 29, 1984
		685 Remand	Potomac Electric Power Company	June 10, 1985
		905	Potomac Electric Power Company	August 20, 1991
		912	Potomac Electric Power Company	May 7, 1992
		834, Ill	Potomac Electric Power Company	May 22, 1992
		917	Potomac Electric Power Company	September 24, 1992
		922	Washington Gas Light Company	June 15, 1993
		929	Potomac Electric Power Company	December 16, 1993
		934	Potomac Electric Power Company	Filed April 22, 1994
		939	Potomac Electric Power Company	March 16, 1995
		917	Potomac Electric Power Company	April 16, 1995
		951	Potomac Electric Power Company	February 20, 1997
945	Potomac Electric Power Company	September 29, 1999		
847	Washington Gas Light Company	June 27, 2001		
989	Washington Gas Light Company	May 22, 2002		
1016	Washington Gas Light Company	September 23, 2003		
1053	Potomac Electric Power Company	June 27, 2007		
DE	Delaware PSC Staff Delaware PSC Staff Delaware PSC Staff	94-164	Artesian Water Company	Filed March 10, 1995
		94-149	Wilmington Suburban Water Company	March 10, 1995
		04-152	Tidewater Utilities Company	Filed July 26, 2004
FL	Florida Retail Federation Florida Retail Federation Florida Retail Federation Florida Retail Federation Florida Retail Federation Florida Retail Federation Florida Retail Federation	790593-EU	All Electric Utilities	March 5, 1981
		810002-EU	Florida Power and Light Company	July 23, 1981
		820097-EU	Florida Power and Light Company	September 22, 1982
		820097-EU	Florida Power and Light Company	April 11, 1983
		830012-EU	Tampa Electric Company	August 19, 1983
		830465-EI	Florida Power and Light Company	April 19, 1984
		830465-EI	Tampa Electric Company	(none)

CHARLES W. KING  
Appearances before State Regulatory Agencies

Electric, Gas, Water Utility Cases				Date of Cross-Examination
State	Client	Case		
		Case Number	Utility	
GA	Georgia Retail Federation Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission Georgia Public Service Commission	3270-U	Georgia Power Company	September 3, 1981
		4007-U	Georgia Power Company	August 21, 1991
		4384-U	All Electric Utilities	August 1, 1993
		4755-U	Georgia Power Company	January 25, 1994
		4697-U	All Utilities	May 10, 1994
		9355-U	Georgia Power Company	November 4, 1998
		14000-U	Georgia Power Company	October 23, 2001
		14618-U	Savannah Electric & Power Company	March 27, 2002
		14311-U	Atlanta Gas Light Company	April 8, 2002
		17066-U	Georgia Power Company	July 31, 2003
		18300-U	Georgia Power Company	October 26, 2004
		18638-U	Atlanta Gas Light Company	March 14, 2005
		19758-U	Savannah Electric & Power Company	March 29, 2005
		20298-U	Atmos Energy Corp.	October 11, 2005
		25060-U	Georgia Power Company	Filed October 22, 2007
27163	Atmos Energy Corp.	August 16, 2008		
HI	Public Utilities Department Hawaii Consumer Advocate	2793	All Electric Utilities	February 14, 1978
		4536	Hawaiian Electric Company	February 1, 1983
IL	Illinois Retail Merchants Association ("IRMA"/ Chicago Bldg. Mgrs. Association ("CBMA") IRMA/CBMA IRMA/CBMA IRMA/CBMA IRMA/CBMA IRMA/CBMA IRMA/CBMA City of O'Fallon, IL	76-0698	Commonwealth Edison	June 22, 1977
		76-0568	All Electric Utilities	(none)
		80-0546	Commonwealth Edison	March 5, 1981
		82-0026	Commonwealth Edison	July 22, 1982
		83-0537	Commonwealth Edison	March 19, 1984
		87-0427	Commonwealth Edison	March/April 22, 1988
		90-0169	Commonwealth Edison	October 29, 1990
02-0690	Illinois-American Water Company	Filed Feb.5, Apr.11,2003		
IN	Indiana Retail Council Indiana Retail Council Indiana Retail Council	35780-S2	N. Ind. Public Service co.	June 1, 1980
		35780-S1	Public Service of Indiana	October 15, 1980
		36318	Public Service of Indiana	May 4, 1982
KS	J.C. Penney Company	115,379-U	All Kansas Utilities	January 22, 1981

CHARLES W. KING  
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case Number	Utility	
KY	Seven Kentucky Retailers Attorney General of Kentucky Attorney General of Kentucky Attorney General of Kentucky Attorney General of Kentucky Attorney General of Kentucky	7310	Louisville Gas & Electric Co.	April 25, 1979
		2002-145	Columbia Gas of Kentucky	Filed August 6, 2002
		2003-252	Union Heat Light & Power Co.	September 30, 2003
		2004-67	Delta Gas Company	August 18, 2004
		2006-00646	Atmos Energy Corp.	Filed April 27, 2007
		2007-00008	Columbia Gas of Kentucky	Filed June 12, 2007
		2007-00089	Delta Gas Company	Filed August 14, 2007
MA	Coalition of Municipalities Coalition of Municipalities Coalition of Municipalities Coalition of Municipalities	20279	Western Massachusetts Electric	March 19, 1980
		557/558	Western Massachusetts Electric	May 14, 1981
		957	Western Massachusetts Electric	March 9, 1982
		1300	Western Massachusetts Electric	January 1, 1983
		85-270	Western Massachusetts Electric	March 26, 1986
MD	Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Retail Merchants of Baltimore Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Organization of Consumer Justice Maryland People's Counsel Maryland People's Counsel Retail Merchants of Baltimore Genstar Stone Products, et al. Industrial Intervenor Maryland People's Counsel Giant Foods, Inc. Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel	6977	Washington Gas & Light Company	September 17, 1976
		6814	Potomac Electric Power Company	September 1, 1977
		6807	All Electric Utilities	(none)
		6882	Baltimore Gas & Electric Company	September 28, 1976
		6985	Baltimore Gas & Electric Company	December 20, 1976
		7070	Baltimore Gas & Electric Company	April 18, 1978
		7149	Potomac Electric Power Company	January 17, 1979
		7163	All Electric Utilities	October 23, 1978
		7236	Delmarva Power & Light Company	June 20, 1980
		7397	Baltimore Gas & Electric Company	September 8, 1980
		7427	Delmarva Power & Light Company	December 2, 1981
		7574	Baltimore Gas & Electric Company	February 18, 1982
		7597	Potomac Electric Power Company	April 20, 1982
		7604	Potomac Electric Power Company	October 19, 1982
		7588	Baltimore Gas & Electric Company	November 22, 1982
		7663	Potomac Electric Power Company	April 12, 1983
		7685	Baltimore Gas & Electric Company	December 9, 1985
		7878	Potomac Electric Power Company	June 28/July 1986
		7878	Potomac Electric Power Company	March 4, 1987
		7983	Baltimore Gas & Electric Company	January 8, 2003
		8855	Baltimore Gas & Electric Company	September 29, 2005
		9036	Baltimore Gas & Electric Company	April 16, 2007
		9092	Potomac Electric Power Company	April 9, 2007
		9093	Delmarva Power & Light Company	August 23, 2007
		9104	Washington Gas & Light Company	September 24, 2007
		9096	Baltimore Gas & Electric Company	September 24, 2007
		9103	Washington Gas & Light Company	filed December 21, 2007

CHARLES W. KING  
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases		Date of Cross-Examination
	Client	Case	
		Case Number	Utility
MI	General Services Administration	U-10102	Detroit Edison Company
	Michigan Attorney General	U-11722	Detroit Edison Company
	Michigan Attorney General	U-11772	Consumers Energy/Detroit Edison
	Michigan Attorney General	U-11495	Detroit Edison Company
	Michigan Attorney General	U-11956	Consumer Energy/Detroit Edison
	Michigan Attorney General	U-12505	Consumers Energy Company
	Michigan Attorney General	U-12478	Detroit Edison Company
	Michigan Attorney General	U-12639	Consumers Energy/Detroit Edison
	Michigan Attorney General	U-13000	Consumers Energy Company
	Michigan Attorney General	U-13380	Consumers Energy Company
	Michigan Attorney General	U-13715	Consumers Energy Company
	Michigan Attorney General	U-13808	Detroit Edison Company
	Michigan Attorney General	U-12999	Consumers Energy Company
	Michigan Attorney General	U-13898,9	Consumers Energy Company
	Michigan Attorney General	U-14201	Michigan Consolidated Gas Co.
	Michigan Attorney General	U-14274	Detroit Edison Company
	Michigan Attorney General	U-14148	Consumers Energy Company
	Michigan Attorney General	U-14399	Consumers Energy Company
	Michigan Attorney General	U-14428	Detroit Edison Company
	Michigan Attorney General	U-14292	Detroit Edison Company
	Michigan Attorney General	U-13808-R	All Michigan Utilities
	Michigan Attorney General	U-14547	Detroit Edison Company
	Michigan Attorney General	U-14701	Consumers Energy Company
Michigan Attorney General	U-14526	Consumers Energy Company	
Michigan Attorney General	U-14561	Consumers Energy Company	
Michigan Attorney General	U-15002	All Gas Distribution Utilities	
Michigan Attorney General	U-15245	Detroit Edison Company	
Michigan Attorney General	U-15417	Consumers Energy Company	
Michigan Attorney General	U-15244	Detroit Edison Company	
Michigan Attorney General	U-15506	Consumers Energy Company	
Michigan Attorney General	U-15002-R	Detroit Edison Company	
MI			March 22, 1993 November 6, 1998 November 16, 1998 December 8, 1999 December 15, 1999 September 7, 2000 October 5, 2000 July 18, 2001 January 29, 2002 September 9, 2002 April 24, 2003 Dec 12, 2003; Jan 30, Mar 5, 04 March 10, 2004 August 23, 2004 Filed December 5, 2004 Filed February 15, 2005 Filed March 2, 25, 2005 July 29, 2005 September 7, 2005 September 27, 2005 November 7, 2005 Nov. 7, 2005; Mar. 22, 2006 March 21, 2006 April 11, 2006 June 1, 2006 December 8, 2006 December 11, 2007 April 2, 2008 July 15, 2008 September 12, 2008 October 16, 2008
MIN	Minnesota Retail Federation	EO026R-77-611	Northern States Power
MO	Missouri Retailers Association Missouri Public Counsel Missouri Public Counsel Missouri Public Counsel	EO-78-161 ER-2006-0315 GR-2007-0003 ER-2007-0002	Kansas City Power & Light Company Empire District Electric Company Ameren UE (Gas) Ameren UE (Electric)
NC	North Carolina Merchants Association	E-100	All Electric Utilities
			February 19, 1981 September 14, 2006 Filed December 15, 2006 March 22, 2007 December 18, 1975



CHARLES W. KING  
Appearances before State Regulatory Agencies

Electric, Gas, Water Utility Cases				Date
State	Client	Case		
		Case Number	Utility	
ND	North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission	PU-400-00-521 PU-399-01-186 PU-399-02-183 PU-399-02-183 PU-399-03-296 PU-04-97 PU-06-525 PU-07-776	Xcel Energy, Inc. Montana-Dakota Utilities (Electric) Montana-Dakota Utilities (Gas) Montana-Dakota Utilities (Gas Depr.) Montana-Dakota Utilities (Electric) Montana-Dakota Utilities (Gas) Northern States Power (Gas) Northern States Power (Electric)	April 20, 2001 February 25, 2002 October 7, 2002 Filed April 7, 2003 Filed October 15, 2003 Filed July 6, 2004 Filed May 1, 2007 June 25, 2008
NH	Business & Industry Association of N.H. Business & Industry Association of N.H. Business & Industry Association of N.H.	79-187-II 80-260 82-333	Public Service of N.H. Public Service of N.H. Public Service of N.H.	February 6, 1981 February 5, 1981 November 2, 1983
NJ	N.J. Retail Merchants Association Department of Public Advocate Resorts International Hotel, Inc. Dept. of Public Advocate Dept. of Public Advocate Dover Township Fire Chiefs	803-151 815-459 8011-827 822-116 355-87 88-080967	All New Jersey Utilities N.J. Natural Gas Company Atlantic City Sewerage Co. Atlantic City Electric Co. Elizabethtown Gas Tom's River Water Company	March 31, 1981 (none) (none) August 11, 1982 June 9, 1987 February 22, 1989
NY	NY Council of Retail Merchants Metropolitan N.Y. Retail Council Metropolitan N.Y. Retail Council N.Y. Metro. Transit Authority	26806 27029 27136 27353	All Electric Utilities Consolidated Edison Company Long Island Lighting Company Consolidated Edison Company	February 3, 1976 (none) July 1, 1977 September 5, 1980
OH	Ohio Council of Retail Association Ohio Council of Retail Association Ohio Energy Group	88-170-EL 83-1529-EL 08-936-EL-SSO	Cleveland Elec. Illuminating Cincinnati Gas & Electric FirstEnergy Companies	(none) February 15, 1992 Filed September 25, 2008

**CHARLES W. KING**  
**Appearances before State Regulatory Agencies**

State	Electric, Gas, Water Utility Cases			Date
	Client	Case Number	Utility	
PA	Pennsylvania Retail Association Southeastern Pa. Transp. Authority Eastern Penn Energy Users Group Eastern Penn Energy Association Penn Business Utility User Group Pennsylvania Office of Consumer Advocate Pennsylvania Office of Public Advocate	76-PRMD-7 R-811626 R-822169 R-842651 R-850152 R-00016339 R-2008-203269	All Electric Utilities Philadelphia Electric Company Penn. Power & Light Company Penn. Power & Light Company Philadelphia Electric Company Pennsylvania-American Water Co. Pennsylvania-American Water Co.	September 7, 1977 December 11, 1981 March/April 1983 December 3, 1984 February 19, 1986 September 19, 2001 August 6, 2008; Sept. 15, 2008
TN	Attorney General of Tennessee Attorney General of Tennessee	07-00105 08-00039	Atmos Energy Corp. Tennessee-American Water Co.	Filed August 21, 2007 August 26, 2007
TX	Houston Retailers Association Houston Retailers Association Cities for Fair Utility Rates	5779 6765 8425/8431	Houston Lighting Company Houston Lighting Company Houston Lighting Company	October 19, 1984 September 25, 1986 April 25, 1989
UT	Div. Of Public Utilities Dept of Commerce Div. Of Public Utilities Dept of Commerce Div. Of Public Utilities Dept of Commerce	98-2035-33 05-057-T01 07-035-13	Pacific Corp Questar Gas Company Rocky Mountain Power Co.	Filed August 16, Sept 22, 1999 May 17, 2006 Filed October 15, 2007
VA	Consumer Congress of Virginia Consumer Congress of Virginia Va. Business Committee on Energy Virginia Pipe Trades Council	19426 19960 PUE 7900012 PUE 8900051	Virginia Electric Power Company Virginia Electric Power Company Virginia Electric Power Company Old Dominion Electric Corp. &	July 1, 1975 September 19, 1978 February 25, 1981 October 31, 1989
WA	WA Attorney General - Public Counsel WA Attorney General - Public Counsel WA Attorney General - Public Counsel	UE-072300;UG-072301 UE-080220 UE-08416;UG-08417	Puget Sound Energy PacifiCorp Avista Utilities	Filed May 30, 2008 Filed August 15, 2008 September 19;October 10, 2008
WI	Wisconsin Merchants Federation	6630-ER-2	Wisconsin Electric Power Company	May 15, 1978

CHARLES W. KING  
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date of Cross-Examination
	Client	Case		
		Case Number	Utility	
AL	U.S. Department of Defense	24472	All Telephone Companies	June 14, 1995
AK	GCI Communications, Inc. GCI Communications, Inc.	U-97-82,U-97-143 U-05-46	Alaska Communications Systems Matanuska Telephone Association	Filed Feb 25, April 5, 2004 October 28, 2005
AZ	Arizona Burglar & Fire Alarm Association Arizona Burglar & Fire Alarm Association Federal Executive Agencies U.S. Department of Defense	9981-E- 1051-80-64 E-1051-88-146 T-01051B-99-0105	Mountain State Telephone Mountain State Telephone Mountain State Telephone US WEST Communications	(none) (none) Filed July 26, Sept 8, 2000
CA	Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association California Cellular Resellers Federal Executive Agencies California Cellular Resellers Cellular Services, Inc. Federal Executive Agencies	59849 5984cont. A83-01-22 A83-02-02 A82-11-07 A85-01-034 A87-01-02 A88-07-17019 A.88-11-1040 1.87-11-033 1.88-11-040 1.88-11-040 A92-05-004	Pacific Telephone & Telegraph Pacific Telephone & Telegraph Pacific Telephone & Telegraph General Telephone of California Pacific Telephone & Telegraph Pacific Telephone & Telegraph General Telephone of California Pac. Bell Tel. & GTE of CA. All Cellular Carriers All Telephone Companies All Cellular Carriers All Cellular Carriers Pacific Telephone & Telegraph	March 25, 1981 June 23, 1982 June 29, 1983 January 17, 1984 Jan. 18, Oct. 31, Nov 28, 1984 June 4, 1985, October 2, 1986 October 22, 1987 January 23, 1989 August 11, 1989 March 6-7, 1991 August 19, 1991 October 3, 1991 June 9, 1993
CO	U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense Colorado Municipal League U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense AT&T	I&S 717 I&S 1700 Appl. I&S 1766 Appl 36883 I&S 891-082T 905-544T 90A-665T 92M-039T 92S-229T 90A-665T 96S-331T	Mountain Bell Telephone Company Mountain Bell Telephone Company Mountain Bell Telephone Company Mountain Bell Telephone Company Mountain Bell Telephone Company U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications	1972 (none) September 18, 1986 November 28, 1988 December 13, 1988 February 21, 1990 July 17, 1991 October 23, 1991 February 24-24, 1992 July 30-31, 1992 November 6, 1996 April 17, 1997

CHARLES W. KING  
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date of Cross-Examination
	Client	Case		
		Case Number	Utility	
CT	Connecticut Consumer Counsel CT Cellular Resellers Assn. CT Cellular Resellers Coalition AT&T Connecticut Consumer Counsel Connecticut Consumer Counsel	770526	Southern New England Telephone Co.	November 10, 1977
		89-12-05	Southern New England Telephone Co.	(none)
		94-03-27	Springwich Cellular/Bell Atlantic	May 16, June, 1994
		AT&T/SNET Arbitration	Southern New England Telephone Co.	Filed October 28, 1996
		96-04-07	Southern New England Telephone Co.	February 10, 1998
DC	D.C. People's Counsel D.C. People's Counsel General Services Administration General Services Administration General Services Administration General Services Administration	00-07-17	Southern New England Telephone Co.	December 5, 2000
		729	Chesapeake & Potomac Tel. Co.	May 13, 1980
		798	Chesapeake & Potomac Tel. Co.	July 18, 1983
		827	Chesapeake & Potomac Tel. Co.	May 7, 1985
		854	Chesapeake & Potomac Tel. Co.	April 16, 1987
DE	Public Service Commission Federal Executive Agencies Public Service Commission	850	Chesapeake & Potomac Tel. Co.	October 7, 1991
		926	Chesapeake & Potomac Tel. Co.	October 7, 1993
		Depr. Repr 86-20 Depr. Repr	Diamond State Telephone Co. Diamond State Telephone Co. Diamond State Telephone Co.	April 1, 1985 July 31, 1987 March 8, 1988
FL	GTE Sprint Communications Company Office of Public Counsel Federal Executive Agencies Federal Executive Agencies Federal Executive Agencies	720536-TP	All Telephone Companies	September 12, 1983
		Depr. Repr	Southern Bell	July 30, 1986
		880069-TL	Southern Bell	July 21, 1988
		880069-TL	Southern Bell	November 30, 1990
		880069-TL	Southern Bell	February 11, 1992
GA	Georgia Attorney General Federal Executive Agencies Federal Executive Agencies Georgia Public Service Commission	3893-U	Southern Bell Telephone Co.	January 8, 1990
		3905-U	Southern Bell Telephone Co.	June 12, 1990
		3987-U	Southern Bell Telephone Co.	February 13, 1992
		4018-U	Southern Bell Telephone Co.	Jan 14, Feb 10, 1993
HI	Hawaii Public Utility Commission Four Hawaii Counties Department of Defense Department of Defense Department of Defense Department of Defense	1871	Hawaiian Telephone Company	July 8, 1971
		4588	Hawaiian Telephone Company	December 15, 1983
		7579	Hawaiian Telephone Company	April 26, 1994
		94-0093	Oceanic Communications	March 13, 1995
		7702	All Communications Carriers	June 2, 1995
		94-0298	GTE Hawaiian Telephone Company	May 7, 1996
		7720	Verizon-Hawaii	November 15, 2000

CHARLES W. KING  
Appearances before State Regulatory Agencies

State	Telecommunications Cases				Date of Cross-Examination
	Client	Case		Utility	
		Case Number			
ID	U.S. Department of Energy U.S. Department of Energy	U-1000-63 U-1000-70	Mountain Bell Telephone Co. Mountain Bell Telephone Co.		May 16, 1983 March 6, 1984
IL	Illinois Alarm Companies Attorney General of Illinois GTE Sprint Communications Co. Federal Executive Agencies	79-0143 81-0478 83-0142 89-0033	Illinois Bell Telephone Illinois Bell Telephone All Telephone Companies Illinois Bell Telephone		September 26, 1979 December 28, 1981 August 4, 1983 June 12, 1989
KS	State Corporation Commission Federal Executive Agencies Federal Executive Agencies	Depr. Repr. 166.856-U 190, 492	Southwestern Bell Southwestern Bell All Telephone Companies		May 12-14, 1986 November 7, 1989 November 4, 1994
KY	Kentucky Cable Telecommunications Assn. Kentucky Cable Telecommunications Assn.	2000-414 2000-39	Blue Grass Energy Cooperative Cumberland Valley Electric, Inc.		January 11, 2001 January 11, 2001
MD	Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Federal Executive Agencies Federal Executive Agencies Federal Executive Agencies	6813 6881 7025 7467 7851 8106 8274	C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company		1975 December 17, 1975 March 15, 1975 October 20, 1981 March 20, 1985 May 9, 1988 August 2, 1990
MI	Michigan Attorney General Michigan Attorney General	U-8911 U-9553	Michigan Bell Telephone Co. AT&T Communications/MCI		November 7, 1988 December 4, 1990
MN	GTE Sprint Communications Co. U.S. Department of Defense	83-102-HC 87-021-BC	All Telephone Companies Northwest Bell Telephone Co.		August 5, 1983 (none)

CHARLES W. KING  
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date of Cross-Examination
	Client	Case		
		Case Number	Utility	
MO	GTE Sprint Communications Co. Federal Executive Agencies Federal Executive Agencies	TR83-253 TC-89-14 TO-89-56	Southwestern Bell Tel. Co. Southwestern Bell Tel. Co. Southwestern Bell Tel. Co.	September 5, 1983 (none) November 7, 1990
MS	Federal Executive Agencies	U-5453	South Central Bell Tel. Co.	May 15, 1990
NJ	Department of Public Advocate Department of Public Advocate Department of Public Advocate Department of Public Advocate Department of Public Advocate	Depr.Repr. 815-458 Depr.Repr. Depr.Repr. T092030358 TMO05080739	N.J. Bell Telephone Company N.J. Bell Telephone Company N.J. Bell Telephone Company N.J. Bell Telephone Company N.J. Bell Telephone Company United Telephone Co. of New Jersey	Mar-79 October 15, 1981 March 1, 1982 February 1, 1985 September 30, 1992 January 5, 2006
NM	New Mexico Corporation Commission New Mexico Corporation Commission	1032 86-151-TC	Mountain Bell Telephone Co. General Telephone of Southwest	November 14, 1983 February 5, 1987
NV	Prime Cable of Las Vegas Prime Cable of Las Vegas	95-8034/8035 96-9035	Central Telephone - NV Sprint/Centel, Nevada Bell	Filed November 22, 1995 June 2, 1997
NY	Holmes Protection, Inc. Holmes Protection, Inc. 5 Alarm Companies GTE Sprint Communications Co.	27350 27469 27710 28425	New York Telephone Company New York Telephone Company New York Telephone Company All Telephone Companies	October 17, 1978 May 17, 1979 July 24, 1980 July 8, 1983
PA	City of Philadelphia	R-832316	Pennsylvania Bell Telephone	September 20, 1983
SC	Office of Consumer Advocate Office of Consumer Advocate Office of Consumer Advocate Office of Consumer Advocate	Depr.Repr. 86-511-C 86-541-C Depr.Repr. 89-180-C	Southern Bell Southern Bell General Telephone of South Southern Bell ALLTEL of South Carolina	July 1, 1986 December 11, 1986 April 8, 1987 July 10, 1989 September 26, 1989

**CHARLES W. KING**  
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date of Cross-Examination
	Client	Case		
		Case Number	Utility	
TX	U.S. Department of Defense	8585/8218	Southwestern Bell Telephone Co.	(none)
VA	U.S. Dept. Of Defense, GSA, et Federal Executive Agencies	19696 PUC 890014	C&P Telephone Company All Telephone Companies	October 6, 1976 February 13, 1989
VI	V.I. Department of Commerce V.I. Public Service Commission	205 341	Virgin Islands Telephone Co. Virgin Islands Telephone Co.	April 29, 1980 March 20, 1991
WA	U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense WA Attorney General/TRACER U.S. Department of Defense U.S. Department of Defense WA Attorney General/TRACER WA Attorney General/TRACER U.S. Department of Defense WA Attorney General/WeBTEC/AARP WA Attorney General WA Attorney General	U-72-39 U-87-796-T U-88-20524 U-89-2698-F UT-940641 UT-941464  UT-951425 UT-961632 UT-021120 UT-040788 UT-040520 UT-050814	Pacific Northwest Bell Pacific Northwest Bell Pacific Northwest Bell US West Communications US West Communications US West Communications US West Communications GTE Northwest, Inc Qwest Communications Verizon Northwest, Inc. Verizon Northwest, Inc. Verizon - MCI Merger	1973 December 20, 1983 November 8, 1988 November 28, 1989 Filed October 14, 1994 June 22, 1995 January 22, 1996 Filed June 23, 1997 July 29, 1997 May 22, 2003 August 12, 2004 February 2, 2005 November 2, 2005
WI	GTE Sprint Wisconsin Consumers Utility Board Wisconsin Consumers Utility Board	6720-TR-38 2055-TR-102 5846-TR-102	All Telephone Companies CenturyTel of Central Wisconsin Telephone USA, LCC	October 20, 1983 June 26, 2002 June 26, 2002

CHARLES W. KING  
Appearances before Federal Regulatory Agencies

Federal Communications Commission			
Client	Docket	Subject	Date of Cross-Examination
Department of Defense Airline Parties Airline Parties National Data Corporation Press Wire Services Aeronautical Radio Department of Defense State of Hawaii International Record Carriers ITT World Communications Aeronautical Radio MCI Ind. Data Com. Mfg. Assn. Tymnet, Inc. Adelphia Jones Intercable, et. al. Adelphia Jones Intercable, et. al. Adelphia Jones Intercable, et. al.	16020 16258 18128 19989 19919 20814 20690 21263 CC78-97 CC84-633 CC78-72 CC84-800 CC85-26 ENF84-22 Bell Atlantic Bell Atlantic Bell Atlantic	Consat Rate of Return Bell System Rates TELPAK WATS Private Line Rates Private Line Rates 1.544 Mbps Service Interstate Separation Telex/TWX Rates Rate of Return Access Line Charges Rate of Return AT&T Accounting Plan Packet Switching Costs Video Dialtone Video Dialtone Video Dialtone	1973 July 22, 1968 3/22, 10/15 1971, Feb. 22, 1972 (none) (none) October 5, 1978 January 30, 1979 February 7, 1979 March 6, 1980 (none) (none) (none) (none) (none) Filed 7/29/94 Filed 8/23/94 Filed 2/21/95
Nuclear Regulatory Commission			
Fauquier League for Environment Protection	50-328 50-329	Va. Electric Power Co.	1976
Postal Rate Commission			
Association of Third Class Mail Users Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Warshawsky & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company	R71-1 R72-1 R74-1 MC76-2 MC79-3 R80-1 C82-1 R84-1 R87-1 R90-1 MC91-1 MC91-3	Rates Rates Rates Rate Structure Rate Structure Rates Rate Structure Postal Costs Rate Structure Costs Rate Structure Costs Pre-barcoding Discounts Palletization Discounts	1970 1972 September 13, 1974 January 6, 1979 September 12, 1979 November 25, 1980 (none) June 14, 1984 November 2, 1987 Sept 12, Oct 10, 1990 November 19, 1991 March 2, 1992



CHARLES W. KING  
Appearances before Federal Regulatory Agencies

Client	Docket	Subject	Date of Cross-Examination
<b>U.S. Congress</b>			
National Retail Merchants Association	House/Senate Hearings	Electric Rate Reform Legislation	1976, 1977 & 1979
National Wireless Resellers Association	House Commerce Committee	Interconnection & Resale of Wireless Services	October 12, 1995
<b>Federal Maritime Commission</b>			
State of Hawaii	71-18	Ocean Shipping Rates	October-71
Foss Alaska Line	79-54	Barge Rate Increase	July 1979
Palmetto Shipping and Stevedoring	85-20	Vessel Charge Liability	October 27, 1986
<b>Interstate Commerce Commission - Surface Transportation Board</b>			
Western Coal Traffic League	Ex Parte 349	R.R. Rate Increase	May-76
Western Coal Traffic League	Ex Parte 357	R.R. Rate Increase	Oct-78
Western Coal Traffic League	Ex Parte 375 (Sub 1)	R.R. Rate Increase	June 1, 1980
Arkansas Power & Light Co.	37276	Cost of Capital	(none)
Central Illinois Light Co.	37450	Cost of Capital	March 10, 1981
Western Coal Traffic League	Ex Parte 347	Costing Methods	(none)
Snavelly King Majeros O'Connor & Lee, Inc.	Ex Parte 664	Cost of Capital	December 8, 2006
Williams Energy Services, Inc	Ex Parte 582, Sub 1	Rail Merger Guidelines	April 5, 2001
<b>Civil Aeronautics Board</b>			
Thomas Cook, Inc.	36595	Air Fare Deregulation	(none)
<b>Copyright Royalty Tribunal</b>			
Public Broadcasting Service	88-2-86CD	Television Valuation	(none)

**CHARLES W. KING**  
Appearances before Federal Regulatory Agencies

Client	Docket	Subject	Date
<b>Federal Energy Regulatory Commission</b>			
Exxon USA Consumer Advocates of DE,DC,OH,MD,NJ,PA,WV,VA Consumer Advocates of DE,DC,OH,MD,NJ,PA,WV Maryland Office of People's Counsel Maryland Office of People's Counsel	OR89-2-000 ER08-386-000 ER08-23-000 ER08-686-01 ER08-1329	Pipeline Quality Bank Electric Transmission Cost of Equity Electric Transmission Cost of Equity Electric Transmission Cost of Equity Electric Transmission Cost of Equity	October 18, 1990 March 26, 2008 May 21, 2008 April 7, 2008; July 8, 2008, August, 2008
<b>Canadian Transport Commission</b>			
Rail Costing Inquiry, 1967-1969 Telecommunications Costing Inquiry, 1972-1975			

Attachment C



LAW OFFICES

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July 21, 2009

Via Hand Delivery

Sandra S. Squire  
Executive Secretary  
Public Service Commission  
201 Brooks Street  
Charleston, West Virginia 25323

Re: Case No. 09-0871-T-PC

RECEIVED  
2009 JUL 21 P 4: 51  
MVA PUBLIC SERVICE  
COMMISSION  
STATE OFFICE

Dear Ms. Squire:

Pursuant to Rule 13.6.c of the Commission's Rules of Practice and Procedure, C.S.R. § 150-1-13.6.c, please find enclosed for filing, on behalf of the Joint Applicants in this proceeding one (1) copy of the **Responses To The First Set Of Interrogatories, Data Requests Or Requests For Information, Filed July 7, 2009, By The Communications Workers Of America, AFL-CIO** in the above-referenced matter.

Thank you for your attention to this matter.

Very truly yours,

Joseph J. Starsick, Jr.  
(State Bar I.D. #3576)

JJSjr/sc  
Enclosure

- cc: Jeffrey Ray, Esq. (with enclosure)
- Vincent Trivelli, Esq. (with enclosure)
- Lisa Wansley-Layne, Esq. (with enclosure)
- Steven Hamula, Esq. (with enclosure)
- Pat Pearlman, Esq. (with enclosure)
- Amanda M. Ream, Esq.
- James Kelsh, Esq.

page 1 of 2

Attachment D

## **New FairPoint CEO seeks to avoid bankruptcy filing**

July 1, 2009 3:01 PM ET

**AP** Associated Press

PORTLAND, Maine (AP) - The new head of FairPoint Communications said Wednesday the company will have to make some big changes to get out of its financial pinch, but he's optimistic it won't have to file for bankruptcy reorganization.

In his first day on the job, David Hauser acknowledged that FairPoint's reputation has been damaged by operational problems it has had since it took over Verizon Communications Inc.'s landline telephone and Internet business in northern New England.

He said fixing the company's problems requires restructuring debt, getting operations to run smoothly, cutting costs and listening to customers.

"I firmly believe I have a good shot at righting the ship," Hauser said in a phone interview from company headquarters in Charlotte, N.C.

FairPoint is now seeking to postpone a bond interest payment due in October on debts totaling \$531 million. If it can't be put off, the company might seek alternative debt-restructuring plans, which could include bankruptcy, FairPoint said in a Securities and Exchange Commission filing last week.

"I have every intention of taking the steps we need to take without going through bankruptcy," Hauser said. "But that depends on other people also, like the debt holders."

FairPoint owns and operates 32 phone companies in 18 states, with a total of 1.7 million lines. Most of them are in northern New England, where last year it bought Verizon's assets in Maine, New Hampshire and Vermont for \$2.3 billion.

Since taking total control of the Verizon system last winter, FairPoint has been plagued by customer service, billing and other operational problems.

The company's subscriber access line count fell roughly 200,000 in the 12-month period ending March 31. Now, with falling revenues brought on by a shrinking customer base and bill collection problems, the company says it might not be able to make its October interest payment.

If the company is forced into bankruptcy it would be able to restructure financially, which probably wouldn't have a direct impact on customers, said Andrew Hagler, director of telephone utility industries at the Maine Public Utilities Commission.

"It certainly wouldn't be a liquidation," Hagler said. "And in that context, continuing to provide service, continuing to bill for service and continuing to collect payment for service is entirely consistent with the interests of creditors."

Hauser took over as Fairpoint's chairman and chief executive officer after working for 35 years at Duke Energy Corp., most recently as its chief financial officer. He replaces FairPoint co-founder Eugene Johnson, who retired Tuesday.

CERTIFICATE OF SERVICE

I hereby certify that on 30 July 2009, I will serve a copy of the foregoing document, together with this Certificate of Service, upon the following parties, by causing a copy hereof to be delivered by United States, postage prepaid mail or electronically mailed and properly addressed to each such party.

Executed July 29, 2009, at Arlington, Virginia.

  
TERRANCE A. SPANN  
Attorney for DOD/FEA

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SERIALS SECTION

# Service List For Docket 2009-220-C

**Summary:** Joint Application of Frontier Communications Corporation, New Communications of the Carolinas, Incorporated, New Communications Online and Long Distance, Incorporated, Verizon South, Incorporated, Verizon Long Distance, LLC and Verizon Enterprise Solutions, LLC for Approval of the Sale of Assets and the Transfer of Authority and Certificates

**Industry:** Telecommunications

**Opened:** 6/01/09

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