

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE) TC06-188
APPLICATION OF MCC TELEPHONY)
OF THE MIDWEST, INC., D/B/A)
MEDIACOM FOR A CERTIFICATE)
OF AUTHORITY TO PROVIDE)
LOCAL EXCHANGE SERVICE IN)
THE BROOKINGS EXCHANGE)

DIRECT TESTIMONY OF CALVIN CRAIB

1 **Q. Please state your name, title and business address for the record.**

2 A. My name is Calvin Craib, and my title is Senior Vice President, Business
3 Development for Mediacom Communications Corporation ("Mediacom").
4 My business address is 100 Crystal Run Road, Middletown, New York
5 10941, my telephone number is (845) 695-2600. I am also President of
6 MCC Telephony of the Midwest, Inc. ("MCC").

7 **Q. What are your job responsibilities?**

8 A. In the role of Senior Vice President, Business Development for Mediacom,
9 I have overall responsibility for Mediacom's rollout of telephony services
10 through various MCC Telephony subsidiaries, including MCC Telephony
11 of the Midwest, Inc. With MCC, I have worked on the development of the
12 overall strategy, the selection and subsequent agreement with a service
13 provider, the implementation and rollout of our telephone services in South
14 Dakota, and I now provide general oversight of our operations in the state.

1 **Q. What is your background in the telecommunications business?**

2 I have 24 years of experience in the cable television and related industries.
3 I joined Mediacom in April 1999 as Vice President, Business development
4 and was promoted to Senior Vice President in August 2001. Prior to
5 joining Mediacom, I served as Vice President, Finance and Administration
6 for Interactive Marketing Group from June 1997 to December 1998 and as
7 Senior Vice President, Operations and Chief Financial Officer for Douglas
8 Communications from January 1990 to May 1997. I have also served in
9 various financial management capacities at Warner Amex Cable
10 Communications and Tribune Cable.

11 **Q. Please briefly describe your company's corporate structure.**

12 **A.** Mediacom Communications Corporation is a publicly traded company and
13 the parent of several wholly owned subsidiary companies including MCC
14 Telephony, Inc. MCC Telephony, Inc. is a parent of several wholly owned
15 subsidiary companies including MCC Telephony of the Midwest, Inc.

1 **Q. Are you familiar with the Application your company submitted to this**
2 **Commission?**

3 A. Yes, I am familiar with the Application.

4 **Q. What is the purpose of your testimony?**

5 A. The purpose of the testimony is to describe the operations of MCC and to
6 discuss the proposed expansion of our certificated authority to include those
7 areas served by Swiftel. By so doing, I will demonstrate that MCC has the
8 requisite financial, technical and managerial capability to provide facilities-
9 based local and long distance Internet protocol voice services in the Swiftel
10 service territory in the State of South Dakota.

11 **Q. What is your understanding regarding MCC's application for CLEC**
12 **certification?**

13 A. It is my understanding that, given the current unsettled nature of the issues
14 pertaining to the appropriate regulatory treatment of IP-based voice services
15 such as those proposed by MCC, MCC does not concede that the IP-based
16 voice services described in its Application are subject to state regulation. I
17 understand that in its application MCC had expressly reserves all rights with
18 respect to the regulatory classification or treatment of its IP-enabled voice
19 services.

20 The Federal Communications Commission addressed the question of
21 whether VoIP services, such as digital phone, are subject to state and/or

1 federal regulation *In the Matter of Vonage Holdings Corporation Petition*
2 *for Declaratory Ruling Concerning a Order of the Minnesota Public*
3 *Utilities Commission*, W.C. Docket No. 03-211, Memorandum Opinion and
4 Order, FCC 04-267, released November 12, 2004 ("Vonage Order").

5 Paragraph 32 of the Vonage Order indicates that to the extent cable
6 companies provide similar VoIP services, state regulation is preempted.
7 The FCC preempted the states from imposing "certification, tariffing or
8 other related requirements as conditions to offering digital voice.... "

9 *Vonage Order* ¶ 46.

10 **Q. How will this affect regulatory compliance issues?**

11 A. While reserving all its rights, as described above, MCC has and will
12 continue to make all reasonable efforts to abide by the Commissions rules
13 respecting the provision of voice services, in particular those pertaining to
14 collection and remittance of 911 and other similar fees. MCC does not
15 want anything in its application or filings with the Commission to be
16 construed as a concession or admission by MCC that the IP-enabled voice
17 service it describes constitutes a telecommunications service, and
18 information service, local exchange service, common carrier offering, or a
19 service that is otherwise subject to federal or state regulation.

1 **Q. Please describe the services offerings for which MCC seeks expanded**
2 **certification.**

3 A. MCC seeks authority to expand its certificated authority to include the
4 Swiftel service area. MCC seeks this authority so that it can offer any of
5 the services that a certificated CLEC is able to offer. MCC proposes to
6 offer its IP-enabled voice services in the Swiftel service area in the same
7 manner as it currently offers those services in other parts of South Dakota.

8

9 **Q. What service does MCC intend to offer in the Swiftel territory**
10 **identified in its Application?**

11 A. MCC anticipates that it will provide the same facilities-based Internet
12 Protocol ("IP") voice service currently being provided to MCC customers
13 elsewhere in South Dakota and across the country. MCC is currently
14 providing features similar to those offered by traditional analog telephone
15 service but utilizes IP technology to transport telephone calls. Customers
16 are able to call and be called by other IP voice service subscribers as well as
17 other parties connected to the public switched telephone network ("PSTN").
18 The service is offered on a bundled flat-rate basis and allows standard local
19 calling in addition to operator services, directory assistance, enhanced "911"
20 services, outbound 800 toll free calling, custom calling features such as call
21 waiting, caller identification, and directory listing. From a consumer

1 perspective, MCC currently provides unlimited local and long distance
2 calling for a single price that includes popular calling features. MCC
3 utilizes local number portability permitting consumers to maintain their
4 existing telephone numbers in addition to whole-home wiring and the
5 opportunity to utilize each telephone jack in the home.

6 **Q. What facilities will MCC use to provide this service?**

7 A. MCC predominately uses the facilities of Mediacom to provide the IP voice
8 services. Mediacom owns and manages cable systems serving
9 approximately 1.4 million subscribers in 23 states. Mediacom's telephony
10 subsidiaries provide voice services to over 200,000 subscribers throughout
11 Mediacom's cable service territories. In South Dakota, Mediacom facilities
12 pass approximately 16, 557 homes in nineteen different communities.
13 These facilities are capable of providing all of these homes with high speed
14 internet services. MCC draws upon the engineering and technical support
15 of its specialized staffs to manage its network and provision services. The
16 services are delivered over a managed network with quality of service
17 standards, ensuring that customers are provided with the level of quality
18 offered by traditional telephone service and to which they are accustomed.
19 In order to reach premises not served by Mediacom, calls must at times
20 traverse the PSTN. MCC completes these calls through relationships with
21 competitive local exchange carriers that provide a variety of services,

1 including the termination of local and toll calls, the provision of directory
2 assistance and operator services, and the delivery of 911 calls to the
3 appropriate public safety answering points. Calls destined for PSTN are
4 terminated in accordance with intercarrier compensation regimes. MCC
5 currently has an agreement with Sprint Communications Company, L.P.
6 ("Sprint") to carry MCC's traffic. Sprint then interconnects with the local
7 exchange carrier.

8 **Q. Which carrier or carriers serve as your underlying carrier for**
9 **interexchange services?**

10 A. At present, MCC uses Sprint as its underlying carrier.

11 **Q. Please discuss the managerial and technical ability of MCC to provide**
12 **services in South Dakota.**

13 A. Previously, the Commission concluded that MCC possessed the managerial
14 and technical resources to provide telecommunications services. MCC
15 continues to rely on the same individuals identified in its initial
16 certification. Moreover, the officers of MCC have extensive managerial
17 and technical experience in the telecommunications industry. Locally and
18 nationally, MCC is managed and operated by a team of well qualified
19 telecommunications professionals who are capable of operating a company
20 which will provide sophisticated, state of the art Internet Protocol voice
21 services similar to those offered by traditional analog telephone service

1 providers.

2 **Q. How are customer inquiries/disputes handled?**

3 A. MCC has a toll free customer service number which is staffed 24-hours a
4 day, 7-days a week. Customer service representatives are well trained and
5 make every effort to address customer inquiries and resolve any issues or
6 disputes which may occur as expeditiously as possible. If the resolution
7 proposed by the representative is not satisfactory to the customer, the
8 customer may request to speak with a supervisor or send e-mail comments
9 via the Mediacom website. MCC will also investigate and respond to issues
10 or concerns it may receive from utility commissions.

11 **Q. In what other states has MCC or affiliated entities received authority to
12 provide interexchange and/or local voice services?**

13 A. Entities affiliated with MCC have received authority to provide interexchange
14 and/or local voice services in Alabama, Mississippi, Minnesota, Illinois, Iowa,
15 Missouri, Georgia, Florida, Indiana, Kentucky, California, Delaware,
16 Maryland, Wisconsin and South Dakota.

17 **Q. Has MCC or any affiliated entity ever been denied certification in
18 another state?**

19 A. No. All of MCC's certification applications have been successful.

20 **Q. Has MCC or any affiliated entity ever applied to have an existing
21 certification expanded into a rural territory?**

1 A. Yes, MCC sought expanded certification in Wisconsin.

2 Q. What has been the result of that petition?

3 A. MCC Telephony of the Midwest has received expanded certification in
4 Wisconsin allowing it to have CLEC status in the territory of a Rural Local
5 Exchange Carrier.

6 **Q. Has MCC or any affiliated entity ever been subject to any federal or**
7 **state investigation regarding its services?**

8 A. No.

9 **Q. Describe the financial ability of MCC to operate as a**
10 **telecommunications carrier.**

11 A. MCC Telephony of the Midwest, Inc. is a wholly owned subsidiary of MCC
12 Telephony, Inc. which is a wholly owned subsidiary of Mediacom
13 Communications Corporation ("Mediacom"). As such, MCC Telephony of
14 the Midwest relies on the financial capabilities of its ultimate parent,
15 Mediacom, to fund its operations within the state of South Dakota.

16 **Q. Will the issuance of an expanded certification to MCC be in the public**
17 **interest?**

18 A. Yes. The benefits available to customers and potential customers, and the
19 compliance with state and federal telecommunications policies encouraging
20 the development of competition in telecommunications markets,
21 demonstrates without question that MCC's provision of services is in the

1 public interest.

2 **Q. Will granting MCC's application promote and preserve competition?**

3 A. Yes. Competition serves the public interest by bringing about lower rates,
4 improved quality of service, and enhanced services. Expanding MCC's
5 certification will increase competition in the Swiftel telecommunications
6 market. Furthermore, MCC's voice services make use of advanced and
7 developing technologies and give consumers the opportunity to take
8 advantage of the competitive options based on such emerging technology.

9 **Q. Will granting MCC's application promote consumer choice?**

10 A. Yes. Granting MCC's application will serve the public interest by allowing
11 Brookings consumers to have access, in many cases for the first time, to a
12 facilities-based competitive local telephone service. It is the ability of a
13 customer to choose between providers that requires MCC and the other
14 certified providers to compete for the business of the customer. To
15 effectively compete, MCC and the other providers must offer services that
16 are desired by customers at competitive prices and at a competitive level of
17 quality. MCC and the other providers must also maintain a competitive
18 level of customer support to retain their customers. Simply put, customer
19 choice provides MCC the incentive to offer the highest quality services and
20 the highest level of customer support for the lowest cost. If MCC is
21 prohibited from offering or providing services in the territory, its customers

1 would no longer have the choice to receive their services from MCC. The
2 inability of MCC to provide services will result in less competitive pressure
3 on the Swiftel to keep their prices low and their service quality and support
4 high. Furthermore, IP-enabled voice technology can link phone calls with
5 other data which makes several new services possible. The technology
6 offers new flexibility to consumers who may be able to program their
7 phones to redirect calls to other numbers, take messages, and send email
8 responses to a voice call. Thus, granting MCC's application will greatly
9 enhance the availability of affordable local exchange service in Brookings
10 through the introduction of increased competition and alternative offerings
11 using a new technology.

12 **Q. Will granting MCC's application have a positive impact on the quality**
13 **of life for the public while respecting privacy considerations?**

14 A. Yes. MCC's ability to provide local exchange service gives the public the
15 power to determine for themselves which provider offers services that best
16 fit their needs and budget. Having the ability to choose MCC or the RLECs
17 gives the customer the opportunity to select the provider that best responds
18 to its needs. The inability of a customer to select MCC deprives the
19 customer of a service alternative that may meet that customer's needs better
20 than Swiftel. These facts, together with MCC's ability to provide Brookings
21 residents with the latest technology and communications features, means

1 that MCC offers an efficient and secure alternative to current providers of
2 telecommunications services that enhances the quality of life for the public.

3 **Q. Will granting MCC's application promote universal service?**

4 A. Yes. MCC participates fully in state and federal universal service
5 mechanisms by assessing and remitting charges on subscriber bills that
6 support universal service. Moreover, because the introduction of
7 competition that would result from granting MCC's application also should
8 have the effect of lowering customer prices, it is logical that the
9 introduction of MCC's service into Brookings will increase overall
10 subscribership.

11 **Q. Will granting MCC's application promote economic development,
12 including telecommunications infrastructure deployment?**

13 A. Yes. MCC has and will continue to make plant and other capital
14 investments in South Dakota to support continued expansion of its
15 telephone service. MCC intends to protect this investment by continuing to
16 expand and upgrade its facilities to remain competitive and current with the
17 latest technological advances in the field.

18 **Q. Will granting MCC's application promote the efficient and productive
19 delivery of telecommunications services to customers in South Dakota?**

20 A. Yes. Because MCC must compete for customers, and because price is often
21 a substantial factor in a customer's choice of provider, MCC must make

1 every attempt to keep its prices down. To accomplish this goal, MCC
2 continually strives to operate as efficiently as possible. By operating in a
3 manner to maximize its productivity and efficiency, MCC also forces other
4 competitive providers to do likewise in order to remain viable competitors
5 in the marketplace.

6 **Q. Does this conclude your testimony?**

7 **A.** Yes it does.

8 Dated this 9 day of July, 2008.

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10 
11 _____
12 CALVIN CRAIB