

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

IN THE MATTER OF THE)	TC06-189
APPLICATION OF MCC TELEPHONY)	
OF THE MIDWEST, INC., D/B/A)	
MEDIACOM FOR A CERTIFICATE)	
OF AUTHORITY TO PROVIDE)	
LOCAL EXCHANGE SERVICE IN)	
THE CASTLEWOOD, ELKTON,)	
ESTELLINE, HAYTI, LAKE NORDEN)	
AND WHITE EXCHANGES)	

DIRECT TESTIMONY OF JOHN VARVEL

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

A. My name is John Varvel, and my title is Senior Manager, Government Relations for Mediacom Communications Corporation ("Mediacom") for its Minnesota/South Dakota Region since 1999. My business address is 606 Goeden Drive, P.O. Box 455, Yankton, South Dakota 57078-0178. My telephone number is (605) 665-8070. I am also a Past President of the South Dakota Cable Television Association and Past Mayor of Yankton, South Dakota. Previous to my employment in the cable television industry, I served as the Controller and Chief Financial Officer of Gurney Seed & Nursery Company for several years.

Q. What are your job responsibilities?

A. In the role of Senior Manager, Government Relations for Mediacom's Minnesota/South Dakota Region, I have overall responsibility for all communications with the municipalities Mediacom provides communications services to. Whenever new consumer services are launched by Mediacom or price changes occur, it is my responsibility to ensure the municipalities and customers we serve are properly noticed and educated of such. Likewise, I remain active at the state-level for all issues relative to the cable television industry.

Q. What is your background in the telecommunications business?

I joined Zylstra Communications in 1997 and served in various Management and Accounting capacities with them. Upon the acquisition of Zylstra Communications by Mediacom in 1999, my focus turned to my present discipline of Government Relations.

Q. What is the purpose of your testimony?

A. The purpose of the testimony is to describe the operations of MCC and to discuss the proposed expansion of our certificated authority to include those areas served by ITC. I will demonstrate that the company has a commitment to and a relationship with the residents of those areas listed above and currently served by ITC as well as the experience and capability to provide facilities-based local and long distance Internet protocol voice services in the ITC service territory in the State of South Dakota.

Q. Please briefly describe your company's history in the South Dakota areas listed above.

A. Mediacom, the parent company of MCC Telephony of the Midwest has been a provider of cable television and other services in the Castlewood, Elkton, Estelline, Hayti, Lake Norden and White exchanges in South Dakota for over eight years after purchasing Satellite Cable Services in 2000. We therefore have a longstanding relationship with our customers in this area. Mediacom is familiar with the needs and preferences of the residents in these areas and is eager to begin offering a service which our

customers want, in the convenient and cost effective manner they deserve.

Q. Please briefly describe your company's operations in the South Dakota areas of Castlewood, Elkton, Estelline, Hayti, Lake Norden and White.

A. Mediacom serves customers in the Castlewood, Elkton, Estelline, Hayti, Lake Norden and White exchanges from its local office in Brookings, South Dakota with thirteen local employees including nine installation and repair technicians. The local office is accessible to customers for placing in-person orders, making payments and addressing service concerns.

Mediacom offers basic video, enhanced video and broadband service in the areas listed above where we pass 1,360 homes with our communications plant and facilities.

Q. Why do you believe that it is important for MCC to be able to offer voice services in the service areas of ITC?

A. It is Mediacom's goal to be able to make a commitment to our customers to offer the full suite of services in a user friendly bundle, over all of the systems where is it technically feasible to do so, so that those customers that wish to, can take advantage of the savings and convenience of our bundled

products. I firmly believe that customers reap significant benefits, in term of both service quality and price, when providers compete. The residents of the areas currently served by ITC should have those services available to them that are currently available to other citizens of South Dakota.

Furthermore, I believe that failing to grant MCC's request for expanded certification, thereby denying MCC entrance into the voice services market in ITC territory, would put Mediacom at a competitive disadvantage.

Q. Why do you believe that not granting MCC request for expanded certification would put Mediacom at a competitive disadvantage?

A. It is my understanding that ITC has already deployed a video product thereby allowing it to offer a Triple-Play type of service bundle. Mediacom is already at a competitive disadvantage from a market time of entry perspective and this disadvantage will only increase if Mediacom were not, due to regulatory impediments, also able to offer a Triple-Play bundled service to those of its customers in ITC territory who want it. The Triple-Play has proven to be a very popular product and one in which our customers routinely express an interest. If we are blocked from being able to offer this product, not only would Mediacom be disadvantaged in its ability to attract new customers in the area, but it would also be unfairly

positioned in its attempt to retain the customers it currently has despite being technically able to offer the services which the customers demand. As ITC has not face the same regulatory hurdles in its efforts to bring its Video product to market that MCC faces in launching its voice product, denial of MCC petition to expand its certification into ITC territory would have an anti-competitive effect.

Q. Does this conclude your testimony?

A. Yes.