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**INITIAL TESTIMONY
OF
GREG HALE**

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**INITIAL TESTIMONY
OF
GREG HALE**

I. INTRODUCTION

Q. What is your name?

A. My name is Greg Hale.

Q. What is your educational and professional background?

A. I am the General Manager and Executive Vice President of Logan Telephone Cooperative, Inc. (“Logan Telephone”) in Auburn, Kentucky. I have been with Logan Telephone since January 1994, where I began in the Engineering Department. Since that time, I have served as Staff Engineer, Internet Supervisor, Engineering Manager, Network Director, Commercial/Network Director and Assistant Manager before being name General Manager and Executive Vice President on April 1, 2003. I am also a Director and past President of the Board of the Kentucky Telecom Association (formerly the Kentucky Telephone Association). I formerly served on the Board of the National Telecommunications Cooperative Association as the Region 3 Director representing small companies in Kentucky, Tennessee, Mississippi and Alabama. I hold a Bachelor’s degree in Electrical Engineering from the University of Kentucky.

Q. What are your duties and responsibilities at Logan Telephone?

A. My principle duties and responsibilities at Logan Telephone are to manage the day-to-day operations of the company and to report to the board of directors.

Q. Have you previously testified before the Kentucky Public Service Commission (the “Commission”)?

1 A. Yes. I have also testified before Congress and visited the FCC to educate them on
2 rural issues.

3 **II. PURPOSE OF TESTIMONY**

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

5 A. The purpose of my testimony is to provide the Public Service Commission of the
6 Commonwealth of Kentucky (the “Commission”) with testimony on the issues that the
7 Commission identified in this proceeding. My testimony is given from the unique
8 perspective of the rural incumbent local exchange carriers, or RLECs.

9 The Commission has requested testimony on the following issues: (1) the need for
10 continuing the KUSF; (2) the possibility of reducing the amount of KUSF support; (3)
11 how to review distributions from the KUSF to determine the accuracy of the
12 distributions; (4) future funding of the KUSF; and (5) future practices for requesting and
13 receiving support from the KUSF, with an emphasis on ensuring the accurate reporting of
14 lines receiving Lifeline support and requested KUSF support.

15 **III. THE RURAL INCUMBENT LOCAL EXCHANGE CARRIERS IN KENTUCKY**

16 **Q. Is Logan Telephone a rural incumbent local exchange carrier?**

17 A. Yes, Logan Telephone is an RLEC, as are Ballard Rural Telephone Cooperative
18 Corporation, Inc., Brandenburg Telephone Company, Inc.; Duo County Telephone
19 Cooperative Corporation, Inc.; Foothills Rural Telephone Cooperative Corporation, Inc.;
20 Gearheart Communications Company, Inc.; Highland Telephone Cooperative, Inc.;
21 Mountain Rural Telephone Cooperative Corporation, Inc.; North Central Telephone
22 Cooperative Corporation; Peoples Rural Telephone Cooperative Corporation, Inc.; South
23 Central Rural Telephone Cooperative Corporation, Inc.; Thacker-Grigsby Telephone
24 Company, Inc.; and West Kentucky Rural Telephone Cooperative Corporation, Inc.

1 **Q. What does the designation of rural incumbent local exchange carrier mean?**

2 A. The phrase has a technical meaning under the Telecommunications Act of 1996.
3 But as a practical matter, this designation means that Logan Telephone and the other
4 RLECs serve rural areas that are much less densely populated than those served by
5 carriers in urban areas. Consequently, rural incumbent local exchange carriers, like the
6 RLECs in particular, have unique costs that are not borne by other carriers that serve
7 large urban populations. Providing rural telephone service, by comparison, is difficult. It
8 is also expensive, due to low population densities, large distances, and minimal
9 infrastructure.

10 **Q. Are Logan Telephone and the RLECs carriers of last resort in their service**
11 **territories?**

12 A. Yes.

13 **Q. Are you familiar with the KUSF?**

14 A. Yes. Logan Telephone and the other RLECs provide Lifeline services and receive
15 funding from the KUSF.

16 **Q. Are you sponsoring any exhibits?**

17 A. Not at this time.

18 **IV. SUGGESTED REFORMS TO THE KUSF**

19 **Q. Do the RLECs believe there is a continuing need for the KUSF?**

20 A. Yes. The RLECs believe that the KUSF provides important funding to ensure that
21 all of Kentucky's citizens have telephone service. While the RLECs understand that there
22 may be some concerns whether certain carriers may be, in essence, "gaming the system,"
23 the RLECs believe there may be some value in continuing the KUSF, at least for the

1 period the Federal Communications Commission (“FCC”) is conducting its investigation
2 of Lifeline service, as described below.

3 **Q. The Commission also requested testimony on the following issues: (1) the possibility**
4 **of reducing the amount of KUSF support; (2) how to review distributions from the**
5 **KUSF to determine the accuracy of the distributions; (3) future funding of the**
6 **KUSF; and (4) future practices for requesting and receiving support from the**
7 **KUSF, with an emphasis on ensuring the accurate reporting of lines receiving**
8 **Lifeline support and requested KUSF support. Do you have any comments on these**
9 **issues?**

10 A. Given the open FCC investigation into the federal Lifeline program and the
11 various reforms that may be implemented to the federal program, the Commission may
12 consider it prudent to evaluate these remaining issues after FCC action, but try to keep
13 the fund solvent in the interim so that Lifeline customers do not lose too much support
14 during the pendency of the FCC investigation. After the FCC has implemented its
15 reforms to the federal Lifeline program, the RLECs would be in a better position to
16 evaluate these issues and provide testimony to help the Commission evaluate the
17 continued viability of the KUSF.

18 **V. CONCLUSION**

19 **Q. Do you have any closing comments?**

20 A. Yes. While the RLECs believe it would be prudent for the Commission to
21 consider taking no further action in this proceeding until the FCC completes its reform of
22 the federal Lifeline program, the RLECs reserve their rights to submit additional
23 testimony and conduct discovery as this matter develops so that they may help assist the
24 Commission in evaluating possible reformatations to the KUSF.

1 Q. Does this conclude your testimony?

2 A. Yes, at this time.

