

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REVIEW OF FEDERAL COMMUNICATIONS)	
COMMISSION'S TRIENNIAL REVIEW ORDER)	CASE NO.
REGARDING LOCAL CIRCUIT SWITCHING)	2003-00347
FOR DS1 ENTERPRISE CUSTOMERS)	

PREFILED DIRECT TESTIMONY

OF

DARRELL MAYNARD

ON BEHALF OF

SOUTHEAST TELEPHONE, INC.

November 21, 2003

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1 **DIRECT TESTIMONY OF DARRELL MAYNARD**

2 **Q. Will you please state your name and place of employment?**

3 A. My name is Darrell Maynard and I am the President of the SouthEast Telephone,
4 Inc., a CLEC located in Pikeville, Kentucky.

5
6 **Q. Mr. Maynard, please give a brief history of SouthEast Telephone.**

7 A. In 1996, SouthEast Telephone was the first fully authorized CLEC in the
8 Commonwealth of Kentucky. We now provide Local Service, Long Distance,
9 Internet and other telecommunications services to the rural markets of Kentucky.
10 Starting with two employees, a limited amount of working capital and a lot of
11 hard work, a dream became a reality in the form of SouthEast Telephone. In only
12 6 short years, our number of employees has increased to over 70, with 66 working
13 in Eastern Kentucky and 4 employees in Lexington. Our primary mission as rural
14 Kentucky employees of SouthEast Telephone is to provide other Rural
15 Kentuckians with high quality everyday communications services that exceed
16 their expectations. Our main sales distribution channel is managed through a
17 hometown agent program serving 35 counties in eastern and central Kentucky.
18 Currently, SouthEast Telephone has over 4,500 local telephone service
19 subscribers and more than 13,000 Internet customers. Our high-speed Internet
20 deployment consists of 110 DSL customers, 17 Fixed wireless customers and 3
21 satellite customers.

1 **Q. Mr. Maynard is the purpose of your testimony?**

2 A. The purpose of my testimony is to supplement the testimony of Mr. Carey Roesel
3 by giving the Commission SouthEast Telephones “ground zero” view on why
4 CLECs in rural Kentucky are impaired without access to DS1 Enterprise
5 Switching.

6
7 **Q. Mr. Maynard could you explain that statement please?**

8 A. Certainly. Mr. Roesel addressed the economic barriers faced by SouthEast
9 Telephone in particular in Pikeville and CLECs in general in rural Kentucky. I
10 would like to briefly address the cost of transport , a major operational barrier
11 faced by rural CLECs that make entry into the DS1 market uneconomic. In his
12 testimony, Mr. Roesel only dealt with the Pikeville “market.” This was due to the
13 limited time frame of the 90-Day Proceeding and another issue which I will
14 address later in my testimony, the limited budget of CLECs such as SouthEast
15 Telephone to conduct market based cost studies.

16
17 **Q. Mr. Maynard this proceeding involves DS1 switching how is transport**
18 **involved?**

19 A. Paragraph 458 of the TRO takes into account relevant operational barriers that
20 make market entry uneconomic such as loop and transport. If the Commission
21 were to assume that a CLEC could deploy the switch is only one part of the
22 equation. The cost of purchasing transport from either the ILEC or a third party is

1 another cost that must be incurred by the CLEC is the second part of the equation.

2 When the transport cost is plugged into the equation and the CLEC only has a

3 10% market penetration, the numbers just don't warrant the economic investment.

4

5 **Q. Mr. Maynard, would you agree with Mr. Roesel's statement that without**
6 **UNE-P, SouthEast Telephone would be unable to serve DS1 enterprise**
7 **customers in the rural areas of Kentucky?**

8 A. Yes, I do.

9

10 **Q. Mr. Maynard, you mentioned earlier in your testimony that the limited**
11 **budget of SouthEast Telephone and other CLECs to conduct market studies,**
12 **how is that relevant in this proceeding?**

13 A. Simply put, in this proceeding the burden of proof is on the CLEC. To disprove
14 the FCC's presumption of "no impairment" the CLECs have to present their cases
15 the best way they can. If the CLECs were required to provide expensive cost
16 based market study, that in and of itself would be an impairment for the already
17 financially strapped rural CLECs.

18

19 **Q. Mr. Maynard, does this conclude your testimony?**

20 A. Yes.