COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO THE STATE UNIVERSAL SERVICE FUND ) CASE NO.
) 2016-00059

INITIAL TESTIMONY

OF

GREG HALE

GENERAL MANAGER OF LOGAN TELEPHONE COOPERATIVE, INC.

ON BEHALF OF

THE RLECS¹

FILED: March 7, 2016

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")?
A. Yes. I have also testified before Congress and visited the FCC to educate them on rural issues.

II. PURPOSE OF TESTIMONY

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

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

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

III. THE RURAL INCUMBENT LOCAL EXCHANGE CARRIERS IN KENTUCKY

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

A. Yes, Logan Telephone is an RLEC, as are Ballard Rural Telephone Cooperative Corporation, Inc., Brandenburg Telephone Company, Inc.; Duo County Telephone Cooperative Corporation, Inc.; Foothills Rural Telephone Cooperative Corporation, Inc.; Gearheart Communications Company, Inc.; Highland Telephone Cooperative, Inc.; Mountain Rural Telephone Cooperative Corporation, Inc.; North Central Telephone Cooperative Corporation; Peoples Rural Telephone Cooperative Corporation, Inc.; South Central Rural Telephone Cooperative Corporation, Inc.; Thacker-Grigsby Telephone Company, Inc.; and West Kentucky Rural Telephone Cooperative Corporation, Inc.
Q. What does the designation of rural incumbent local exchange carrier mean?

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

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

A. Yes.

Q. Are you familiar with the KUSF?

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

Q. Are you sponsoring any exhibits?

A. Not at this time.

IV. SUGGESTED REFORMS TO THE KUSF

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

A. Yes. The RLECs believe that the KUSF provides important funding to ensure that all of Kentucky’s citizens have telephone service. While the RLECs understand that there may be some concerns whether certain carriers may be, in essence, “gaming the system,” the RLECs believe there may be some value in continuing the KUSF, at least for the
period the Federal Communications Commission ("FCC") is conducting its investigation
of Lifeline service, as described below.

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

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

V. CONCLUSION

Q. Do you have any closing comments?

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

2 A. Yes, at this time.
VERIFICATION

I hereby verify that the foregoing testimony is true and accurate to the best of my knowledge and belief.

Greg Hale

COMMONWEALTH OF KENTUCKY  

COUNTY OF Logan

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Greg Hale in the capacity as General Manager and Executive Vice President of Logan Telephone Cooperative, Inc., this 19th day of March 2016.

My commission expires: 9/30/16

Notary Public