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August 26, 2002

Secretary  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65102

**FILED<sup>2</sup>**  
AUG 26 2002  
Missouri Public  
Service Commission

**Re: Case No. TC-2002-1077**  
- **Direct Testimony of Kathy Faircloth**  
- **Iamo Telephone Company**

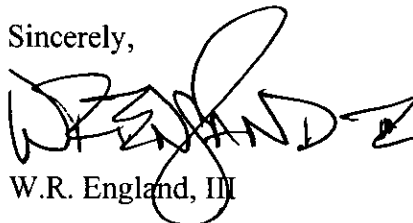
Dear Mr. Roberts:

Enclosed for filing please find an original and eight copies of the direct testimony of Kathy Faircloth on behalf of Iamo Telephone Company.

Please note that Schedule No. 1 has been designated "highly confidential" because it contains information relating directly to specific customers and market specific information relating to services offered in competition with others. Accordingly, it is being provided in a separate envelope.

Please see that this filing is brought to the attention of the appropriate Commission personnel. If there are any questions regarding this filing, please give me a call. I thank you in advance for your attention to and cooperation in this matter.

Sincerely,



W.R. England, III

WRE/da  
Enclosures  
cc: Parties of Record

Exhibit No.:  
Issue: Terminating Wireless Traffic  
Witness: Kathryn M. Faircloth  
Type of Exhibit: Direct Testimony  
Sponsoring Party: IAMO Telephone Company  
Case No.: TC-2002-1077  
Date: August 26, 2002

**CASE NO. TC-2002-1077**

**DIRECT TESTIMONY**

**OF**

**KATHRYN M. FAIRCLOTH**

**ON**

**BEHALF OF**

**IAMO TELEPHONE COMPANY**

**FILED<sup>2</sup>**  
**AUG 26 2002**  
**Missouri Public  
Service Commission**

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

BPS Telephone Company, et al.,

Petitioners,

v.

VoiceStream Wireless Corporation, et al.,

Respondents.

Case No. TC-2002-1077

County of Page

State of Iowa

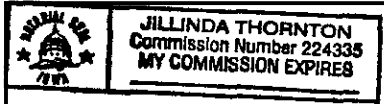
AFFIDAVIT OF

Kathryn M. Faircloth

Jillinda Thornton, being first duly sworn, deposes and says that he/she is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Kathryn M. Faircloth"; that said testimony and schedules attached thereto was prepared by him/her and/or under his/her direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he/she would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his/her knowledge, information and belief.

*Kathryn M. Faircloth*

Subscribed and sworn to before me this 23<sup>rd</sup> day of August, 2002.



*Jillinda Thornton*  
Notary Public

My Commission expires:

9-3-2002

## DIRECT TESTIMONY

1 Q. Please state your name and business address.

2 A. My name is Kathryn M. Faircloth and my business address is 104 Crook Street, Coin,  
3 Iowa 51636-0368.

4 Q. By whom are you employed and in what capacity?

5 A. I am the general manager of IAMO Telephone Company

6 Q. Briefly describe the nature of your duties and responsibilities for IAMO Telephone  
7 Company.

8 A. I manage all activities of IAMO Telephone Company through my Outside Plant Manager  
9 and Office Manager. I report to a board of directors, interpreting and implementing board  
10 policies. I plan, direct, coordinate and control all lines of the telephone company. I am  
11 also president of IAMO Telephone Company's subsidiaries. I ensure that all operations  
12 comply with applicable federal, both Iowa and Missouri state laws, and local regulations.  
13 I represent the telephone company before regulatory agencies and industry  
14 associations. I evaluate new business opportunities and recommend new services to  
15 the board of directors.

16 Q. Are you authorized to testify on behalf of IAMO Telephone Company?

17 A. Yes.

18 Q. Please briefly describe your education and work background.

19 A. I am a 1981 graduate of Iowa Western Community College, Council Bluffs, Iowa where I  
20 received an Associates Degree in Applied Sciences. I have worked for various firms for  
21 14 years as a Typesetter. In January 1992, I became the Office Manager for IAMO  
22 Telephone Company. In December, 1997, I worked for Aliant Communications, in  
23 Lincoln, Nebraska as a Regulatory Economic Cost Analyst. In March, 1999, I returned  
24 to IAMO Telephone Company in my present capacity as General Manager.

25 Q. Please briefly describe IAMO Telephone Company and the nature of its business.

1 A. IAMO Telephone Company (hereinafter sometimes referred to as the "Company") is an  
2 Iowa corporation with its principal office and place of business located at Coin, Iowa. A  
3 certificate of corporate good standing – foreign corporation, issued by the Missouri  
4 Secretary of State, is attached to the Complaint filed in Case No. TC-2002-1077. IAMO  
5 Telephone Company provides telephone service to approximately 1,260 subscribers that  
6 are located within Nodaway and Atchison Counties and within the following Missouri  
7 exchanges: Burlington Junction, Clearmont, Elmo and Westboro. The Company  
8 operates pursuant to a certificate of public convenience and necessity issued by the  
9 Commission in its Case No. TA-88-62. Of particular relevance to the instant complaint,  
10 IAMO Telephone Company provides basic local telecommunications services, exchange  
11 access services and wireless termination services pursuant to tariffs on file with and  
12 approved by the Missouri Public Service Commission (Commission) within its  
13 exchanges.

14 Q. What is the purpose of your testimony?

15 A. The purpose of my testimony is to support our Company's complaint against  
16 VoiceStream Wireless Corporation (VoiceStream), Western Wireless Corporation  
17 (Western) and Southwestern Bell Telephone Company (SWBT) for their failure to pay  
18 terminating compensation on wireless originated traffic which they are responsible for  
19 causing to terminate in the exchanges served by our Company.

20 Q. Are there any pending actions or final unsatisfied judgments or decisions issued against  
21 your Company from any state or federal agency or Court within three years of the date of  
22 the filing of the instant Complaint which involved customer service or rates?

23 A. No.

24 Q. Are either your Company's annual report to the Commission or its assessment fee  
25 overdue?

26 A. No.

27 Q. Please state your understanding of the nature of Respondents', VoiceStream and

1 Western, business.

2 A. It is my understanding that VoiceStream and Western are providers of commercial  
3 mobile radio service (CMRS) (also known as wireless services) within the State of  
4 Missouri. It is also my understanding that wireless customers of VoiceStream and  
5 Western originate wireless calls which are ultimately terminated to wireline customers  
6 which are located in exchanges which our Company serves.

7 Q. What is your understanding of the nature of SWBT's business?

8 A. It is my understanding that SWBT is a telecommunications company providing basic  
9 local telecommunications services, basic interexchange telecommunications services  
10 and exchange access services in various parts of the state of Missouri. In addition,  
11 SWBT offers what it calls a "transit" service to CMRS providers, such as VoiceStream  
12 and Western, which allow those CMRS providers to terminate wireless-originated traffic  
13 to exchanges served by our Company without directly connecting to our Company's  
14 local network. It is also my understanding that SWBT provides these transit services or  
15 facilities pursuant to either its intrastate wireless interconnection tariff or an  
16 interconnection agreement entered into between SWBT and CMRS providers such as  
17 VoiceStream and Western.

18 Q. How does wireless-originated traffic terminate to your Company's exchanges?

19 A. The wireless originated traffic is terminated to our exchanges over common trunk groups  
20 owned by SWBT, through Sprint's Maryville Tandem, which directly connect to the  
21 Company's facilities. SWBT commingles this wireless originated traffic with other  
22 wireline interexchange (i.e., toll) traffic also destined for termination to the Company's  
23 exchanges. Because all of this traffic comes to us over a common trunk group, our  
24 Company is unable to distinguish the wireless-originated traffic from other interexchange  
25 traffic that is terminated to us. We are also unable to unilaterally prevent or block  
26 wireless-originated traffic from terminating to our facilities even in those circumstances  
27 where wireless carriers refuse or otherwise fail to pay for the terminating service which

1           our Company provides.

2       Q.     Please describe the terminating services which your Company provides.

3       A.     After the traffic is delivered by SWBT (through Sprint's Maryville Tandem) to our  
4           facilities, it is transported over wire/cable facilities which we own to our central office  
5           where the traffic is switched and directed to the individual customers to whom the traffic  
6           is destined. In addition to the switch, we own distribution facilities which carry the calls  
7           throughout our exchanges where it is ultimately terminated over the cable pair or loop  
8           which serves each individual customer's residence or place of business.

9       Q.     How are you compensated for wireless-originated traffic which terminates to your  
10           exchanges?

11      A.     On February 19, 2001, the Missouri Commission approved, in its Case No. TT-2001-139  
12           et al., a "wireless termination service tariff" which contains rates, terms and conditions  
13           for the termination of intraMTA wireless-originated traffic delivered to our Company via  
14           the transit services or facilities of an intermediate LEC such as SWBT. That tariff is  
15           currently on file with and approved by the Commission and applies in the absence of an  
16           agreement negotiated pursuant to the Telecommunications Act of 1996.

17      Q.     Does VoiceStream or Western have an agreement with your Company to terminate or  
18           otherwise exchange intraMTA traffic?

19      A.     No.

20      Q.     Are there other tariffs which may apply to this wireless-originated traffic?

21      A.     Yes. To the extent that VoiceStream and Western terminate interMTA wireless traffic to  
22           our Company, our intrastate access tariff would apply. Again, the rates, terms and  
23           conditions of our access service are contained in tariffs which are on file with and  
24           approved by the Commission.

25      Q.     How do you know that VoiceStream and Western have terminated wireless-originated  
26           traffic to your exchanges?

27      A.     Each month we receive from SWBT a cellular transiting usage summary report (CTUSR)

1 which identifies, by carrier, the CMRS providers who have transited wireless originated  
2 traffic over SWBT's facilities for termination to our exchanges. The CTUSRs we have  
3 received from SWBT since February 19, 2001 (when our wireless service tariff became  
4 effective) indicate that VoiceStream and Western have terminated traffic to our  
5 Company. The specific amounts of traffic are shown on the copies of CTUSRs which  
6 are attached to this testimony as Schedule No. 1. These CTUSRs are for the period of  
7 time February 5, 2001 through June 4, 2002, which is the most recent period for which  
8 SWBT has hard copies of this information.

9 Q. Do the CTUSRs you receive from SWBT distinguish between interMTA and intraMTA  
10 wireless originated traffic?

11 A. No. The CTUSRs we receive from SWBT just tell us, in total, for each month, the  
12 amount of traffic a particular CMRS provider has terminated to our exchanges. These  
13 reports do not distinguish between inter- and intraMTA traffic.

14 Q. Have VoiceStream and Western paid you for any of the traffic terminated to your  
15 Company's exchanges?

16 A. No.

17 Q. Have you sent bills to VoiceStream and Western Wireless for this traffic?

18 A. Yes, we have sent bills to VoiceStream and Western Wireless for this traffic. For  
19 purposes of those billings we have assumed that all traffic is intraMTA and applied our  
20 wireless termination service tariff rate. If it can be determined that some of this traffic is  
21 interMTA, we believe it would be appropriate to charge for this interMTA traffic based on  
22 our intrastate access rates.

23 Q. What is the status of VoiceStream's and Western's payments with respect to your  
24 Company?

25 A. As of the date of the filing of the Complaint, VoiceStream and Western still have  
26 outstanding and unpaid amounts as shown on Exhibits 15 (HC) and 16 (HC) attached  
27 thereto. These amounts remain outstanding and unpaid and will increase as wireless



1 traffic continues to be terminated our Company.

2 Q. Are other wireless carriers paying you for traffic they terminate to your Company?

3 A. Yes. Most, if not all, of the major wireless carriers that terminate traffic to us, as shown  
4 by the CTUSRs, are paying for that traffic pursuant to our wireless termination service  
5 tariff. VoiceStream and Western are the only major wireless carriers that I am aware of  
6 that are not paying our wireless termination tariff rate for traffic they terminate to us.

7 Q. Prior to filing this complaint, did you attempt to resolve this dispute with Voicestream or  
8 Western?

9 A. Yes. Our counsel contacted representatives for VoiceStream and Western on several  
10 occasions in an attempt to resolve this matter short of filing a complaint case. However,  
11 those efforts were unsuccessful and, as a result, we were forced to file this Complaint.

12 Q. Do any of the amounts due and owing from VoiceStream and Western Wireless include  
13 any late payment or other charges?

14 A. No. Although our tariff permits the imposition of late fees, and the recovery of  
15 reasonable attorneys fees in the event of nonpayment, I have not included those  
16 charges in the amounts due and owing. As part of this Complaint, however, we are  
17 asking the Commission to reaffirm the provisions of our tariff which would allow us to  
18 assess late payment fees on these amounts as well as seek recovery of reasonable  
19 attorneys fees which we have incurred in pursuing these unpaid amounts.

20 Q. You have also filed a complaint against SWBT. Why are you including SWBT in this  
21 Complaint?

22 A. SWBT is included in this Complaint because we believe they have some responsibility  
23 for this traffic being terminated to us and, perhaps, for VoiceStream's and Western's  
24 failure to pay. When the Commission approved SWBT's revision to its own wireless  
25 interconnection tariff in Case No. TT-97-524, it did so with the specific condition that  
26 SWBT would remain secondarily liable to third party LECs for traffic sent to them by  
27 wireless carriers and for which they receive no payment. The specific language in the

1 Commission's order is as follows:

2  
3 In the event a wireless carrier refuses to pay a third-party LEC for such  
4 termination and the wireless carrier does not have a reciprocal  
5 compensation agreement with the third-party LEC, SWBT will remain  
6 secondarily liable to the third-party LEC for the termination of this traffic,  
7 but will be entitled to indemnification from the wireless carrier upon  
8 payment of the loss. *In the matter of SWBT's tariff filing to revise its*  
9 *wireless carrier Interconnection Service Tariff*, PSC Mo. No. 40, Case No.  
10 TT-97-524, Report & Order, December 23, 1997.  
11

12 It is also our understanding that in SWBT's interconnection agreements with CMRS  
13 providers, including the interconnection agreement with VoiceStream and Western, there  
14 is a provision which requires CMRS providers to enter into their own agreements with  
15 third party providers, such as our Company, for traffic which they send through SWBT's  
16 facilities for termination to that third party provider. In the event, however, that the  
17 CMRS provider sends traffic through SWBT's transiting network to a third party provider  
18 with whom the CMRS carrier does not have a traffic interexchange agreement, then the  
19 CMRS provider has agreed to indemnify SWBT for any termination charges rendered by  
20 a third party provider for such traffic. Accordingly, in this case where VoiceStream and  
21 Western have knowingly sent traffic to our Company and have failed to establish an  
22 agreement or pay for traffic they terminate to our Company pursuant to our approved  
23 tariffs, we believe that it is appropriate to hold SWBT responsible for payment of such  
24 terminating charges since 1) SWBT is responsible for the traffic being terminated to us in  
25 contravention of its tariff or interconnection agreement with VoiceStream and Western  
26 and 2) SWBT has a right of indemnification from VoiceStream and Western such that  
27 SWBT would be reimbursed for any charges it is required to pay to us.

28 Q. Does that complete your direct testimony?

29 A. Yes, it does.

CASE NO. TC-2002-1077

Schedule No. 1

HIGHLY CONFIDENTIAL

Direct Testimony of Kathy Faircloth  
on behalf of Iamo Telephone Company

FILED UNDER SEAL