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July 1, 2002

**VIA UPS OVERNIGHT DELIVERY**

Secretary of the Commission  
Missouri Public Service Commission  
Data Center – 1<sup>st</sup> Floor  
200 Madison Street  
Jefferson City, Missouri 65102

**RE: TC-2002-57, et al.**

Dear Judge Roberts:

Enclosed please find an original and nine (9) copies of the Surrebutal Testimony of John L. Clampitt to be filed in the above-referenced proceeding. Please file this Testimony in your usual manner and return the extra enclosed copy with the date of filing stamped thereon directly to the undersigned in the enclosed self-addressed stamped envelope.

For purposes of the Records Department, I would classify his testimony as category 11 from the Main Group, and the "Other Telephone Specific Issues" Item.

If you have any questions with respect to this filing, please contact me at your first opportunity. Thank you for your attention to and assistance with this matter.

Very truly yours,

*Thomas E. Pulliam*

Thomas E. Pulliam

TEP\wh  
Enclosures

cc: Charon Harris, Esq. (w/enclosure)  
John L. Clampitt (w/enclosure)  
Counsel of Record (w/enclosure)

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Exhibit No.:  
Issues: Rate Construction, Traffic  
Characterization  
Witness: John L. Clampitt  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Parties: Verizon Wireless Entities  
Case No. TC-2002-57, et al.

**AMERITECH MOBILE COMMUNICATIONS, INC.  
CMT PARTNERS, VERIZON WIRELESS AND  
AMERITECH CELLULAR**

TC-2002-57, et al.

SURREBUTTAL TESTIMONY

OF

JOHN L. CLAMPITT

July 2, 2002

**CASE NO. TC-2002-57, et al.**  
**SURREBUTTAL TESTIMONY**  
**OF**  
**JOHN L. CLAMPITT**

- 1           Q.    Please state your name and business address.
- 2           A.    My name is John L. Clampitt. My business address is 2785 Mitchell
- 3                 Drive, 7-1, Walnut Creek, California 94598.
- 4
- 5           Q.    Are you the same John L. Clampitt that previously filed Rebuttal
- 6                 Testimony in this proceeding?
- 7           A.    Yes, I am.
- 8
- 9           Q.    What is the purpose of your Surrebuttal Testimony?
- 10          A.    I am filing Surrebuttal Testimony to address certain statements made in
- 11                 the Rebuttal Testimony of Staff's witness, Michael S. Scheperle. More
- 12                 particularly, I will be addressing Mr. Scheperle's testimony concerning the
- 13                 rates he is proposing for intraMTA traffic transited by a LEC and
- 14                 terminated prior to the date of an order issued by the Missouri Public
- 15                 Service Commission ("Commission") in this case, as well as rates to be
- 16                 contained in proposed wireless termination service tariffs he recommends
- 17                 be filed by certain Complainants in this case. I will also address Mr.
- 18                 Scheperle's recommendation concerning traffic studies and assumptions

1 concerning the nature of the traffic terminated to the Complainants'  
2 respective exchanges in the absence of any traffic studies.

3  
4 Q. Mr. Scheperle recommends that the Commission order those  
5 Complainants that have yet to file Wireless Termination Service Tariffs to  
6 file such tariffs with rates based upon "a composite of the current  
7 intrastate, intralata access rate for switching and transport, plus a 2-cent  
8 per minute adder to contribute to the cost of the local loop facilities" for  
9 traffic terminated pursuant to such tariffs. (Scheperle Rebuttal, pp. 14, 22).  
10 What is your position regarding this recommendation?

11 A. The rates proposed by Mr. Scheperle for the "wireless termination service  
12 tariffs" are fatally defective in at least two ways:

13 (1) The rates are not based upon the forward-looking economic costs  
14 for the Complainants to offer this termination service, which is in direct  
15 violation of the rules and regulations of the Federal Communications  
16 Commission ("FCC"), and

17 (2) The arbitrary two-cent per minute adder to contribute to the cost of  
18 the local loop facilities is a clear violation of the FCC's pronouncements  
19 in its First Report and Order<sup>1</sup> that cost-based rates are not to include non-  
20 traffic sensitive "additional costs."

21  

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<sup>1</sup> *Implementation of the Local Competition Provisions in The Telecommunications Act of 1996, Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers*, FCC No. 96-325, 11 FCC Red 15499 (1996) ("First Report and Order")

1 Q. Please explain how the rates proposed by Mr. Scheperle violate the FCC's  
2 rules and regulations.

3 A. The traffic that would be subject to the wireless termination service tariffs  
4 is intraMTA traffic, and the FCC has ordered LECs like the Complainants  
5 to negotiate reciprocal compensation arrangements for this type of traffic.<sup>2</sup>  
6 In its rules and regulations, the FCC has directed that the rates for  
7 intraMTA traffic shall be based on the forward-looking economic costs of  
8 such services and/or a "bill-and-keep" arrangement.<sup>3</sup> The rates proposed  
9 by Mr. Scheperle are neither cost-based nor bill-and-keep; rather, they are  
10 a "composite of the current intrastate, intralata access rate for switching  
11 and transport." This alone renders the rates proposed by Mr. Scheperle  
12 illegal and unsupportable.

13  
14 Q. Mr. Clampitt, you also state that Mr. Scheperle's proposed rates for the  
15 termination of intraMTA traffic are defective because of the inclusion of  
16 an arbitrary two-cent adder. Why is that?

17 A. Mr. Scheperle proposes the two-cent adder as a way to contribute to the  
18 costs of the Complainants' respective local loop facilities, a non-traffic  
19 sensitive element. The FCC was unequivocal in the First Report and  
20 Order that rates for this type of traffic are not to include non-traffic  
21 sensitive "additional costs."<sup>4</sup> Local loop costs do not vary in proportion to

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<sup>2</sup> First Report and Order, ¶1008.

<sup>3</sup> 47 CFR §51.705(a)

<sup>4</sup> First Report and Order, ¶1057.

1 the number of calls terminated over these types of facilities<sup>5</sup>. Under the  
2 Telecommunications Act of 1996, costs for the provision of local  
3 telecommunications services are to be recovered in the manner in which  
4 they are incurred<sup>6</sup>. Mr. Scheperle's proposed rates do not meet this  
5 requirement. In addition, there is no evidence in this record that any of the  
6 Complainants are failing to earn their Commission-authorized rate of  
7 return, which would include compensation for these very same local loop  
8 facilities. By authorizing this arbitrary adder, which is void of any  
9 support, the Commission seems to be authorizing a double recovery by the  
10 Complainants for said local loop facilities.

11  
12 Q. Mr. Scheperle also recommends that the Commission: (1) authorize the  
13 Complainants to charge the rates set forth in their existing wireless  
14 termination service tariffs for traffic terminated prior to the effective date  
15 of said tariffs, and (2) order the wireless carriers to pay those  
16 Complainants who do not have wireless termination service tariffs a rate  
17 based upon a composite of the current intrastate, intralata access rate for  
18 switching and transport. (Scheperle Rebuttal, pp. 20-21; 22-23). Do you  
19 have a comment about these proposals?

20 A. Yes, I do. Not only do the rates contained in each of these proposals  
21 suffer from the same fatal flaws which plague the rates proposed by Mr.  
22 Scheperle for intraMTA traffic on a going forward basis, it strikes me that

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<sup>5</sup> Id.

<sup>6</sup> First Report and Order, ¶622.

1 Mr. Scheperle's proposal seems to run afoul of the prohibition in Missouri  
2 law against retroactive ratemaking.

3 I also note that, for unexplained reasons, Mr. Scheperle does not advocate  
4 the arbitrary two-cent adder for these retroactive rates.

5  
6 Q. If the Commission cannot create rates and impose them retroactively, and  
7 since the Complainants' access charges cannot be charged for this local  
8 traffic<sup>7</sup>, how can the Complainants be compensated for the traffic  
9 terminated prior to the effective date of the Commission's order or the  
10 effective date of their wireless termination service tariffs?

11 A. Since the FCC has prohibited the application of access rates for this type  
12 of local traffic, and Missouri law prohibits the Commission from imposing  
13 rates on a retroactive basis, I feel that the Complainants could be  
14 compensated for this traffic under negotiated reciprocal compensation  
15 arrangements containing forward-looking, cost-based rates in line with the  
16 rates negotiated by Verizon Wireless throughout the country. The FCC  
17 has expressly approved and authorized the usage of this pricing  
18 methodology for the termination of local traffic.

19  
20 Q. Mr. Scheperle has also filed testimony regarding the characterization of  
21 the traffic terminated to the Complainants as either interMTA traffic or

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<sup>7</sup> The Commission recently readopted its prior ruling that access rates cannot be charged for the termination of intraMTA traffic: *In the Matter of Alma Telephone Company's Filing to Revise its Access Service Tariff, P.S.C. Mo. No. 2*, TT-99-428, et al., Amended Report and Order, p. 14 (April 9, 2002); Order Denying Rehearing, June 27, 2002.

1 intraMTA traffic (Scheperle Rebuttal, p. 16), that the wireless carriers be  
2 ordered to perform traffic studies to ascertain the exact nature of this  
3 traffic (Scheperle Rebuttal, pp. 16, 20, 22), and that unless such traffic  
4 studies are completed within sixty days of the Commission's order, that all  
5 traffic be deemed interMTA traffic (Scheperle Rebuttal, pp. 16, 21, 22).  
6 Do you have any comments to this testimony?

7 A. Yes, I do. Although I have no reason to doubt the Complainants' claims  
8 that they are unable to determine whether such traffic is interMTA or  
9 intraMTA, Mr. Scheperle's suggestions concerning traffic studies are not  
10 without their drawbacks and problems.

11  
12 Q. Please describe some of the problems you see with Mr. Scheperle's  
13 proposal.

14 A. Initially, such studies are burdensome to perform from an administrative  
15 perspective. In addition, Verizon Wireless cannot perform a traffic study  
16 for the traffic that will have terminated prior to the date of the  
17 Commission's order because Verizon Wireless does not have the call-  
18 detail records containing the historical information necessary to produce  
19 such a study. In addition, such a report cannot provide an accurate  
20 reflection of the percentage of interMTA traffic because the Verizon  
21 Wireless network configuration today is not the same as when Verizon  
22 Wireless purchased the properties that are the subject of this proceeding.



1 As to post-order traffic, different obstacles exist. Most of the traffic  
2 originated by Verizon Wireless to be terminated to the exchanges of the  
3 Complainants through SWBT (both intraMTA and interMTA) is being  
4 carried by an interexchange carrier (“IXC”). That being the case, the type  
5 of study being recommended by Mr. Scheperle would not produce any  
6 meaningful data. Even if Verizon Wireless were to analyze the traffic  
7 being handled by the IXC, given the nature of some of the Complainants  
8 networks, we still may be unable to determine how much, if any, traffic is  
9 interMTA in nature.

10  
11 Q. Why is that?

12 A. For example, from information provided to me, it appears that the service  
13 areas of both Mid-Missouri Telephone Company and Chariton Valley  
14 Telephone Company fall on both sides of the MTA boundary in Missouri,  
15 which generally runs from north to south down the middle of the state. If  
16 an IXC is delivering a call from the St. Louis side of the MTA to Mid-  
17 Missouri, that still does not allow me to conclude whether that call is  
18 intraMTA or interMTA because I do not know whether that call was  
19 terminated to Mid-Missouri’s St. Louis MTA-side exchange or its Kansas  
20 City MTA-side exchanges.

21 Q. What additional information would you need in order to draw a  
22 conclusion?

1 A. Each of the Complainants would have to provide the NXX codes that  
2 serve each county in their service areas, so that the calls can be accurately  
3 characterized. If this is not possible, then each of the Complainants could  
4 provide the number of lines they have in each county, and an estimation  
5 based on the percentage of lines in each MTA could then be made.

6 Moreover, Mr. Scheperle refers to such a traffic study as a “PIU traffic  
7 study” (Scheperle Rebuttal, p. 20). Any study that would be conducted to  
8 determine the percentage of intraMTA traffic would not properly be  
9 characterized as a “PIU traffic study” (PIU referring to Percent Interstate  
10 Usage) because MTA boundaries do not necessarily coincide with state  
11 boundaries.

12  
13 Q. Is Mr. Scheperle’s proposal that all traffic be deemed interMTA in nature  
14 in the absence of a traffic study appropriate?

15 A. No, it is not. Some of the Complainants, in fact, make the opposite  
16 assumption. It is my understanding that those Complainants with wireless  
17 termination service tariffs have billed Verizon Wireless for all post-tariff  
18 traffic at the intraMTA rate contained in the tariff, even though those  
19 Complainants did not know whether the traffic was intraMTA or  
20 interMTA.

21 Mr. Scheperle points to no objective studies conducted or obtained by  
22 Staff on which to base his recommendation. Mr. Scheperle takes the  
23 simple, yet ill-founded, position that if the wireless carriers do not like this

1 arrangement, then they can go ahead and supply the information that a  
2 traffic study would provide. In Verizon Wireless' case, it is unable do so,  
3 at least without the cooperation of the Complainants. Mr. Scheperle's  
4 proposal would seem to penalize those carriers for routing traffic to the  
5 Complainants (for which the Complainants are presently being  
6 compensated at their access rates) for no apparent reason.

7 Moreover, since such traffic studies will require the cooperation of the  
8 Complainants to be performed, if the Complainants do not cooperate (as  
9 the evidence concerning negotiations regarding interconnection  
10 agreements overwhelmingly establishes), then the Complainants would  
11 have absolutely no incentive to cooperate with the wireless carriers so as  
12 to allow these studies to be performed, and the wireless carriers would be  
13 forced to pay access rates until such cooperation were forthcoming.

14  
15 Q. If the Commission orders traffic studies to be performed, do you have any  
16 recommendations concerning the parameters within which those studies  
17 should be conducted?

18 A. Yes, I do. I would make the preparation and submittal of such studies  
19 expressly contingent upon the prompt cooperation (*i.e.* no more than a 5  
20 day turnaround) of the Complainants as to any request for data or  
21 information necessary for the wireless carriers to conduct such study. I  
22 would also recommend that the study be based upon traffic originated by  
23 the wireless carriers for a period of 30 days from a period beginning no

1 earlier than 90 days after the effective date of the Commission's order,  
2 giving the carriers involved the time to implement whatever steps are  
3 necessary to conduct the study. Finally, the wireless carriers should be  
4 given at least 30 days after receipt of the information to analyze the data  
5 and draw conclusions about the nature of the traffic, and to convey those  
6 results to Complainants.

7 Q. Does this conclude your Rebuttal Testimony at this time?

8 A. Yes, it does.

9

10

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

Northeast Missouri Rural Telephone Company )  
and Modern Telecommunications Company, et al. )  
Petitioners, )

vs. )

Case No. TC-2002-57, et al.

Southwestern Bell Telephone Company, )  
Southwestern Bell Wireless (Cingular), )  
Voicestream Wireless (Western Wireless) )  
Aerial Communications, Inc., CMT Partners )  
(Verizon Wireless), Sprint Spectrum LP, )  
United States Cellular, Ameritech Mobile )  
Communications, Inc. )

AFFIDAVIT OF JOHN L. CLAMPITT

STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF CONTRA COSTA )

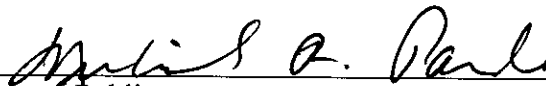
I, John L. Clampitt, of lawful age, being duly sworn, depose and state:

1. My name is John L. Clampitt. I am presently a Manager-Local Interconnection for Verizon Wireless.

2. I hereby swear and affirm that my answers contained in my prefiled surrebuttal testimony consisting of 10 pages to be presented in the above case are true and correct to the best of my knowledge and belief and that I have knowledge of the matters contained therein.

  
\_\_\_\_\_  
John L. Clampitt

Subscribed and sworn to before me this 21<sup>st</sup> day of June, 2002.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: July 2, 2004

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