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Witness: Maass
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Sponsoring Party: AT&T Wireless
Services, Inc.
Case No: TT-99-428; TT-99-429;
TT-99-430; TT-99-431;
TT-99-432; TT-99-433
Consolidated

IN THE MATTER OF ALMA TELEPHONE COMPANY P.S.C. Mo. No. 2;
MoKAN DIAL, INC. P.S.C. Mo. No. 2; MID-MISSOURI TELEPHONE
COMPANY P.S.C. Mo. No. 2; CHOCTAW TELEPHONE COMPANY P.S.C.
Mo. No. 1; CHARITON VALLEY TELEPHONE COMPANY P.S.C. Mo. No.
2 AND PEACE VALLEY TELEPHONE COMPANY P.S.C. Mo. No. 2
FILINGS TO REVISE THEIR ACCESS SERVICE TARIFFS

REBUTTAL
TESTIMONY

OF

Kurt C. Maass

Jefferson City, Missouri
September 23, 1999

**AT&T WIRELESS SERVICES, INC.
REBUTTAL TESTIMONY
OF
KURT C. MAASS**

CASE NO. TT-99-428, ET AL

1 **Q. Please state your name and address.**

2 A. My name is Kurt C. Maass. My business address is 7277-164th Ave NE,
3 Redmond, WA, 98052

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

6 A. I am employed by AT&T Wireless Services, Inc. ("AWS") as Vice President of
7 External Affairs.

8
9 **Q. Please describe your responsibilities and duties with AT&T Wireless**
10 **Services, Inc. (AWS).**

11
12 A. I am currently responsible, among other things, for AWS' relationships with local
13 exchange companies nationwide. In that capacity I supervise our on-going
14 business relationships with the LECs, as well as our contract negotiations with
15 them. I also manage relationships with state regulatory agencies in a number of
16 states, supervise our state legislative activities in a number of states, and am
17 generally involved in development of wireless public policy issues around the
18 nation.

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1

2 **Q. Have you reviewed the Direct Testimony of Mr. Donald D. Stowell on behalf**
3 **of The Mid-Missouri Group?**

4 A. Yes

5 **Q. What is the purpose of your rebuttal testimony?**

6 A. To respond to the direct testimony of Mr. Stowell and present AWS' proposed
7 solution to the issues raised by the tariff filing.

8 **Q. Do you agree with Mr. Stowell's assertion that wireless carriers such as AWS**
9 **terminate traffic to Mid-Missouri Group Companies?**

10 A. Yes. AWS admits that some relatively small volume of traffic is terminated, as
11 Third Party transited traffic to companies such as those constituting the Mid-
12 Missouri Group.

13 **Q. Do incumbent local exchange companies such as those represented by Mr.**
14 **Stowell terminate traffic to AWS?**

15 A. Yes. Companies such as those constituting the Mid-Missouri Group deliver some
16 similar small volume of traffic to AWS for termination as Third Party transited
17 traffic.

18

19 **Q. Do you agree with Mr. Stowell that at this time AWS is not paying the Mid-**
20 **Missouri Group Companies to terminate calls?**

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1 A. Yes. But it must be kept in mind that the Mid-Missouri Group Companies as well
2 as similarly situated incumbent local exchange companies do not pay AWS for
3 the termination of the traffic they deliver to AWS either. Moreover, it is
4 important to recognize that for relative de minimus traffic (in most cases, less than
5 5,000 minutes per use per month) that it is common practice for carriers simply to
6 exchange traffic on a bill and keep basis.

7 **Q. Do you believe it would be appropriate for the Mid-Missouri Group of**
8 **Companies to charge terminating access for termination of wireless**
9 **originated traffic as provided in the proposed tariff?**

10 A. Absolutely not. First, it is not appropriate to impose access charges for traffic that
11 is local rather than toll in nature. Traffic between a local exchange company and
12 a wireless provider that originates and terminates within the same Major Trading
13 Area (MTA) is by law defined as local telecommunications traffic. State
14 commissions are required to establish incumbent LECs rates for transport and
15 termination of local traffic on the basis of: 1) the forward looking economic cost
16 of such offerings using a cost study pursuant to 47 CFR Sections 51.505 and
17 51.511; 2) the default proxies as provided in 47 CFR Section 51.707 or 3) a bill
18 and keep arrangement as provided in 47 CFR Section 51.713. In any event,
19 reciprocal compensation has been mandated by the Telecommunications Act of
20 1996 and FCC regulations.

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Second, historically access charges have been set at rates that more than recover costs. Access has traditionally been a subsidy to other services, such as local. Therefore, to impose access charges would be to guarantee payment of an "interconnection" fee that is vastly above cost. As an example, the access charges of the ILECs in Missouri range between 6.05¢ and 31.20¢ cents per minute. In multiple jurisdictions throughout the country, the actual cost to terminate a wireless call has been found to be well under a penny a minute, in many cases as small as 3/10ths a cent per minute. In fact, under AWS's interconnection agreement with SWBT, SWBT fully recovers its entire costs and the rate is .004241 cents per minute. To allow recovery at access levels would be contrary to sound legal principles as well as sound ratemaking principles because it would perpetuate a rate full of subsidies for a service (i.e., local termination) that is mandated to be cost-based.

Q. What form of reciprocal compensation does AWS propose be established?

A. The Commission should recognize that the previously mentioned FCC Rules are controlling in the situation at hand and limit the Commission's options for establishing reciprocal compensation. No TELRIC based rates have been proposed nor have any default proxy rates been suggested. The Commission is therefore left with only the option of establishing bill and keep as the standard for compensation between wireless providers and incumbent LECs in Missouri. Under present circumstances bill and keep is also the most sensible option because

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1 the volume of traffic moving between wireless providers and incumbent Missouri
2 LECs is de minimis and it would likely be more costly to gather the information
3 necessary to track and bill the calls than it would be worth to any of the involved
4 parties.

5 **Q. Are there other reasons the Commission should establish bill and keep as the**
6 **standard for compensation between incumbent LECs and wireless**
7 **providers?**

8 A. Yes. Because there are over thirty incumbent LECs it is impracticable for AWS
9 and the numerous other wireless providers to negotiate and/or arbitrate
10 interconnection agreements with each incumbent company simultaneously. The
11 relatively small volume of traffic and revenue involved cannot justify devotion of
12 substantial resources to address this issue. Further, it is not in the public interest
13 to burden the Commission with the task of reviewing and/or processing hundreds
14 of arbitrations to establish interconnection agreements between wireless providers
15 and incumbent LECs.

16 **Q. How do you propose the Commission proceed to dispose of the issues**
17 **presented in this case?**

18 A. The Commission should reject the proposed tariffs and instruct any incumbent
19 LEC or wireless provider that is not satisfied with a bill and keep arrangement to
20 initiate negotiations pursuant to the terms of the Act. If necessary arbitration can
21 be utilized to establish interconnection agreements. I would not anticipate many

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1 such interconnection agreements to be established because of the small amount of
2 revenue at stake, but in some circumstances there may be exceptions. By
3 proceeding in this manner the Commission could ensure that just unreasonable
4 compensation arrangements are established and maintained for the entire industry.

5 **Q. Does this conclude your rebuttal testimony?**

6 **A. Yes it does.**