

Exhibit No.:
Issues: ~~Blocking of Traffic~~
Witness: Robert Hart
Type of Exhibit: Direct
Sponsoring Party: Le-Ru
Telephone Company
Case No.: TC-2012-0331

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

Case No. TC-2012-0331

**Direct Testimony of Robert Hart
On Behalf of Le-Ru Telephone Company**

June 4, 2012

DIRECT TESTIMONY
OF
ROBERT HART

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Q. **State your name and business address.**

A. Robert Hart, 555 Carter Street, Stella, Missouri.

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

A. I am employed by Le-Ru Telephone Company as General Manager.

Q. **Please describe the nature of your duties and responsibilities as General Manager of
Le-Ru Telephone Company (Company).**

A. As General Manager of the Company, I have overall responsibility for the Company's
activities including network engineering, network installation, network administration,
network maintenance, accounting, customer service, local exchange service, billing,
carrier access service billing, human relations, public and industry relations,
governmental affairs and regulatory affairs.

Q. **Would please briefly describe your education and work experience?**

A. I graduated from Missouri University of Science and Technology in 1970 with a
Bachelor of Science Degree. I represent the second generation of family
management/ownership of Le-Ru Telephone Company and have been managing the
Company for approximately 32 years. As a result, I have extensive experience in every
aspect of the Company's operations.

Q. **Are you authorized to testify on behalf of the Company in this matter?**

A. Yes.

Q. **Please describe your Company and the nature of its business.**

1 A. The Company is a Missouri corporation, with its office and principal place of business
2 located in Stella, Missouri. The Company is an incumbent local exchange carrier
3 providing local exchange and exchange access services to approximately 1400 access
4 lines in and around the communities of Stella and Powell, Missouri.

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

6 A. The purpose of my testimony is to explain and support the Company's request to AT&T
7 Missouri (AT&) to block the traffic terminating from Halo Wireless Inc. (Halo) in
8 accordance with the Missouri Public Service Commission's (Commission) Enhanced
9 Record Exchange (ERE) Rules.

10 Q. **Is Halo delivering traffic to your Company for termination to your customers?**

11 A. Yes.

12 Q. **How do you know Halo is delivering traffic to your Company?**

13 A. Each month we receive records from AT&T Missouri that identify the amount of traffic
14 (i.e., Minutes of Use or MOU) that transits the AT&T tandem switch and is delivered to
15 our Company for termination to our customers.

16 Q. **How is Halo's traffic delivered to your Company?**

17 A. It is my understanding that Halo has a direct interconnection with AT&T at its tandem
18 switch in Springfield, Missouri. AT&T then sends that traffic, along with other wireless,
19 CLEC and intraLATA toll traffic, over common trunk groups to our Company. This
20 jointly owned network of common trunks that exists between our Company and the
21 AT&T tandem is sometimes referred to as the "LEC-to-LEC Network" or the "Feature
22 Group C Network".

1 Q. **Did Halo or AT&T notify your Company, in advance, that Halo would be delivering**
2 **wireless traffic to it?**

3 A. No. The only way that we knew we were receiving Halo traffic was after-the-fact when
4 we began receiving records of that traffic from AT&T.

5 Q. **Has Halo ever requested permission or an agreement with your Company to**
6 **terminate its traffic on your local exchange network?**

7 A. No.

8 Q. **Once you became aware of the fact that Halo was terminating traffic to your**
9 **Company, did you request to begin negotiations with Halo to establish an agreement**
10 **for the termination of this traffic?**

11 A. Yes. Our attorneys sent correspondence to Halo requesting to begin negotiations toward
12 a traffic termination agreement. Copies of the request are attached to my testimony as
13 Exhibit 1.

14 Q. **Did Halo agree to negotiate a traffic termination agreement with your Company?**

15 A. No. It is my understanding that Halo refused to negotiate primarily because our
16 Company did not specifically “request interconnection” with Halo.

17 Q. **What compensation does your Company receive when it terminates traffic from**
18 **other carriers?**

19 A. Our Company receives either access charges (intrastate or interstate) for terminating
20 interexchange traffic or reciprocal compensation rates for terminating local wireless
21 traffic.

22 Q. **How are your Company’s access charges and reciprocal compensation rates set?**

1 A. Our access charges are contained in tariffs that are filed with and approved by the FCC
2 (for interstate traffic) and the Missouri Public Service Commission (for intrastate traffic).
3 Our reciprocal compensation rates are set forth in the traffic termination agreements we
4 have with wireless carriers and which are filed with and approved by the Missouri Public
5 Service Commission.

6 Q. **Have you invoiced Halo for the traffic it is terminating to you?**

7 A. Yes. While we do not agree that Halo's traffic is wireless, we have sent invoices to Halo
8 each month for the traffic it terminates to our Company based upon our reciprocal
9 compensation rates for "local" wireless traffic. Copies of those invoices are attached as
10 "PROPRIETARY" Exhibit 2.

11 Q. **Has Halo paid any of your invoices?**

12 A. No, Halo has not paid for any of the traffic it has delivered to our Company.

13 Q. **Are you receiving traffic from other wireless carriers via the LEC-to-LEC**
14 **Network?**

15 A. Yes, we receive wireless traffic from most, if not all, of the national wireless carriers such
16 as AT&T Mobility, Verizon Wireless, Sprint/Nextel, T-Mobile and US Cellular.

17 Q. **Do you have traffic termination agreements with those carriers for the termination**
18 **of their wireless traffic?**

19 A. Yes, we have traffic termination agreements with those carriers and those agreements
20 have been filed with and approved by the Commission. A Summary of those agreements
21 and the case numbers in which they were approved by the Commission is set forth on
22 Exhibit 3 attached hereto.

1 Q. Did any of the other wireless carriers who terminate traffic to your Company refuse
2 to negotiate a traffic termination agreement?

3 A. No.

4 Q. Did any of the other wireless carriers insist on your Company requesting
5 interconnection before beginning negotiations?

6 A. No.

7 Q. Do those agreements with the other wireless carriers provide for your Company to
8 be paid for the traffic that is terminated to your Company?

9 A. Yes. The agreements generally provide that local or intraMTA wireless traffic will be
10 billed at reciprocal compensation rates and that any non-local or interMTA traffic will be
11 billed at our Company's access rates.

12 Q. How were the reciprocal compensation rates established for your Company?

13 A. For most of the wireless carriers, our reciprocal compensation rates were established in
14 the context of an arbitration case between our Company and Cingular Wireless and T-
15 Mobile (MoPSC Cases No. TO-2006-0147 and TO-2006-0151). In one instance, the
16 reciprocal compensation rate was negotiated between our Company and the wireless
17 carrier.

18 Q. Have the other wireless carriers paid your invoices?

19 A. Yes.

20 Q. Did you offer to make these reciprocal compensation rates available to Halo for the
21 local or intraMTA wireless traffic it terminated to you?

22 A. Yes. It is our understanding our attorneys forwarded copies of a traffic termination
23 agreement with Cingular and T-Mobile to Halo and offered to use the rates, terms and

1 conditions contained in those Agreements as a starting point for purposes of negotiations.

2 Please see Exhibit 4 attached to this testimony.

3 Q. **You mentioned earlier that you don't agree that the traffic Halo is terminating to**
4 **you is wireless traffic. On what do you base that position?**

5 A. The amount of traffic Halo is terminating to our Company is fairly substantial relative to
6 the amount of wireless traffic we receive from other, national wireless carriers. Given the
7 fact that we have never heard of Halo Wireless, nor have we seen any advertisements or
8 marketing material offering Halo's wireless services in our area, I was skeptical that Halo
9 would be terminating that much wireless traffic to our Company. In addition, we learned
10 from industry meetings and discussions that other local exchange carriers were
11 questioning the nature of Halo's traffic.

12 Q. **Do you have any evidence that Halo's traffic is not wireless?**

13 A. Yes. We requested information from AT&T regarding any traffic studies it has
14 performed on Halo traffic terminating to our Company. Based upon the information we
15 received from AT&T, we learned that only 8 to 18% of the amount of Halo traffic
16 terminating to us was local or intraMTA wireless traffic (and I understand that this was
17 actually wireless traffic that was originated by customers of other wireless carriers). The
18 rest of Halo's traffic was either interMTA wireless traffic or landline interexchange
19 traffic. The information AT&T has provided us is included in "PROPRIETARY"
20 Exhibit 5 attached to this testimony.

21 Q. **Are you able to tell whether Halo is providing your Company with originating**
22 **Caller Identification when it terminates traffic to your Company?**

1 A. No. Because Halo's traffic is comingled with other wireless traffic, CLEC traffic and
2 intraLATA toll traffic that comes to our Company over these common trunks, it is not
3 possible to identify a Halo call when it hits our local switch.

4 Q. **Do the AT&T records of Halo's terminating traffic provide originating Caller**
5 **Identification?**

6 A. No, the AT&T records simply provide a "billing number" which is assigned to Halo, but
7 it does not identify or reveal the telephone number of the party placing the call.

8 Q. **Given the fact that Halo has not been willing to pay for the traffic it terminates to**
9 **your Company and that AT&T's traffic studies reveal that a substantial portion of**
10 **this traffic is actually traffic subject to access charges, what did you do?**

11 A. We authorized our attorneys to pursue blocking of Halo's traffic coming over the LEC-
12 to-LEC network in accordance with the Commission's ERE Rules. Copies of the
13 correspondence that was sent to AT&T and Halo are attached as Exhibit 6.

14 Q. **Does this conclude your direct testimony?**

15 A. Yes.