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January 9, 2004

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

FILED[2]
JAN 0 9 2004
Missouri Public Service Commission

Re: Case No. TC-2002-57

Dear Secretary:

Enclosed please find an original and eight (8) copies of the Direct Testimony of Joe A. Knipp, on behalf of Mid-Missouri Telephone Company in the above cited case.

Please note that this testimony contains attachments designated highly confidential as it contains reports, work papers or other documentation related to work produced by internal or external auditors or consultants. I would appreciate it if you would maintain the confidential nature of this information in accordance with the Commission's Protective Order.

Please bring this filing to the attention of the appropriate Commission personnel. Two copies of this testimony will be provided to all other parties of record. If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Bryan D. Lade

Enc.

Cc: John Coffman, Dan Joyce, Joe Murphy, Mark Johnson, Larry Dority, Bret Dublinske, Lisa Creighton Hendricks, Ron Williams, Leo Bub, Dan Menser, Paul Gardner, MITG Mgrs.

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Exh. No. _____
Issue: InterMTA Traffic Volumes
Witness: Joe Knipp
Type of Exhibit: Direct Testimony
Sponsoring Party: Complainants MITG
Case No. TC-2002-57
Date: January 9, 2004

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

Northeast Missouri Rural Telephone Company and Modern Telecommunications Company, Petitioners,	)	
vs.	)	**Case No. TC-2002-57**
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. Respondents.	)	

Direct Testimony

Of

Joe A. Knipp

Re Traffic Proportions

On behalf of

Mid-Missouri Telephone Company

January 9, 2004

Exh. No. ____
Issue: InterMTA Traffic Volumes
Witness: Joe Knipp
Type of Exhibit: Direct Testimony
Sponsoring Party: Complainants MITG
Case No. Tc-2002-57
Date: January 9, 2004

AFFIDAVIT OF JOE A. KNIPP

STATE OF MISSOURI)
) ss.
COUNTY OF Cooper)

Joe A. Knipp, of lawful age, on my oath states, that I have participated in the preparation of the foregoing direct testimony in question and answer form, consisting of _____ pages, to be presented in this case; that the answers in the foregoing testimony were given by me; that I have knowledge of the matters set forth in such answers; and that such matters are true to the best of my knowledge and belief.

Joe A. Knipp

Subscribed and sworn to before me this 02 day of JANUARY, 2004.

Wanda L. Hazlett
Notary Public

My Commission Expires 3-11-05

WANDA L. HAZLETT
Notary Public - Notary Seal
State of Missouri
Cooper County
My Commission Expires Mar 11, 2005

Q. Please state your name, capacity, and business address?

A. Joe A. Knipp. I am an employee of Mid-Missouri Telephone Company, 215 Roe, P.O. Box 38, Pilot Grove, Missouri, 65276.

Q. Please outline your experience and qualifications.

A. I have worked for Mid-Missouri Telephone Company since 1984. During my employment, I have been responsible for customer billings and CABS billings. I am familiar with, and experienced in, Mid-Missouri Telephone Company switch recordings, industry standard EMR records, billing records, and software utilized to convert switch recordings to billing records. I have also written a great deal of software code utilizing these records along with the Terminating Point Master (TPM) files.

Q. Who are you testifying on behalf of in this proceeding?

A. Mid-Missouri Telephone Company, to which I will hereafter refer to as "MMTC".

Q. What is the purpose of this testimony?

A. This testimony will set forth the information in MMTC's possession with respect to the proportions of interMTA and intraMTA traffic terminating to MMTC from Southwestern Bell Telephone Company (SWBT) and the wireless carriers MMTC brought complaint against.

Q. Please set forth the terms of the Commission Order giving rise to this phase of this proceeding.

A. The Commission's June 3, 2003 Order Reopening the Record directed that evidence be adduced as to the proportion of the wireless originating traffic terminating to the Petitioner companies that is interMTA and the proportion that is intraMTA.

Q. Please set forth the wireless carrier traffic for whom MMTC's Complaint has not been resolved?

A. Cingular and Sprint PCS are the wireless carrier Respondents with whom MMTC's complaint has not been resolved. Sprint PCS and MMTC have agreed to the proportion of Sprint PCS interMTA and intraMTA traffic terminating to MMTC. A stipulation to that effect was filed by Sprint PCS and MMTC.

There are other wireless carriers sending traffic that MMTC has billed but has not been paid. However, this occurred after the filing of this case, and they were not named as Respondents by MMTC. They will have to be addressed later.

Q. Would you restate the traffic volumes for this four year period for which evidence was adduced at the prior hearing?

A. Yes. MMTC CTUSR reports provided by SWBT showed the following amounts of uncompensated traffic originated by the following Respondent Wireless Carriers:

Cingular: 652,358

Sprint PCS: 44,654

Q. Can you quantify the amount of money potentially at stake for MMTC?

A. Yes, but I would have to utilize some rate in making this quantification. At MMTC's terminating intrastate intraLATA access rates these uncompensated minutes represent approximately $87,000.

Q. Has additional wireless traffic terminated to MMTC after December of 2001?

A. Yes. The volume of uncompensated wireless traffic terminating to MMTC has grown significantly in the last two years.

Q. Has the FCC provided direction with respect to how interMTA and intraMTA traffic is to be determined?

A. Yes. In its August 8, 1996 Interconnection Order, the FCC provided guidance to the industry in determining how interMTA traffic could be determined for purposes of reciprocal compensation. In paragraph 1044 of that Order, the FCC set forth three methods for determining interMTA and intraMTA traffic proportions, which I will refer to as the "first method", "second method", and "third method":

First Method: calculated or extrapolated factors from traffic studies and samples are included in agreements as to the proportions of interMTA and intraMTA traffic, obviating the need to record or assume traffic origination points;

Second Method: location of the initial cellular tower when a call begins is recorded and used to identify the call origination point to determine if the call was interMTA or intraMTA;

Third Method: the point of interconnection between the wireless carrier and LEC is utilized as the call origination point to determine if the call was interMTA or intraMTA.

Q. Do you believe the FCC contemplated that, whatever method was utilized, it would be contained in an approved agreement?

A. Yes, I believe the FCC was providing guidance to the industry as to what type of methodology would be acceptable or useful in a reciprocal compensation agreement itself, leaving it to the parties to select the method that would best suit them.

Q. . Does MMTC have any approved agreements with wireless carriers containing any of these three methods?

A. No. The traffic here was received by MMTC after February 5, 1998, in the absence of any such agreement.

Q. If there had been agreements, do you believe this case would be necessary?

A. No. If agreements had been reached I believe they would have contained one of the three methods the FCC identified.

Q. As there are no such agreements, whose responsibility do you believe it should have been to record and retain the necessary call information from which the interMTA and intraMTA traffic proportions could be determined?

A. SWBT and the wireless carriers knew they were sending this traffic to MMTC. They knew that MMTC would be entitled to compensation for this traffic. They knew the traffic was terminating without an agreement. They knew there was no agreement with MMTC as to how interMTA and intraMTA traffic proportions would be determined. They should have known that there could be a compensation dispute. Given this, in my opinion they should have made arrangements to preserve information that would distinguish interMTA and intraMTA traffic volumes.

Q. Have they?

A. Apparently not. In their responses to data requests they indicate they did not preserve this information.

Q. Can you explain the Major Trading Areas, or MTAs?

A. Yes. MTA is an acronym for Major Trading Area. The FCC established the MTA as the boundary for "local" reciprocal compensation, assuming an Interconnection Agreement implementing reciprocal compensation between an ILEC and CMRS provider was obtained.

Q. Could you describe how the MTA boundaries impact MMTC?

A. Yes. Schedule 1 is a map of Missouri, with MTA boundaries depicted. MMTC has 12 exchanges. All of these 12 exchanges are within the Kansas City LATA 524. All of the wireless traffic delivered by SWBT to MMTC is delivered over SWBT's facilities within the Kansas City LATA. But two and one-half of MMTC's exchanges lie in the St. Louis MTA. The other nine and one-half exchanges lie in the Kansas City MTA. One exchange, Fortuna, is split about in half by the MTA boundary.

Q. Have the CTUSRs sent you by SWBT since February 5, 1998 contained sufficient information to allow you to determine interMTA and intraMTA traffic proportions utilizing the Second Method?

A. No. The CTUSRs report the volume of a wireless carrier's traffic terminating to MMTC exchanges. The CTUSRs do not report call origination location. Therefore the CTUSRs do not provide sufficient information for MMTC billings to differentiate interMTA from intraMTA traffic.

Q. Did SWBT tell the Commission the CTUSR would be adequate for billing purposes?

A. Yes. In TT-97-524, SWBT told the Commission in a reply brief, that the CTUSR "should provide the ILECs with sufficient information to render a bill."[1]

Q. What position has this left MMTC in?

A. In order to comply with the Order Reopening the Record, MMTC has had to attempt to develop the proportions of interMTA and intraMTA traffic from its own information sources.

Q. Have you developed information as to the proportions of interMTA and intraMTA traffic from other sources?

A. Yes. MMTC has utilized its best efforts at performing the Second Method for Cingular traffic.

Q. Were you able to perform the First Method?

A. No. The first method requires an exchange of traffic information from which a factor can be developed. Although we requested it from Cingular and SWBT, they did not have this information.

Q. Were you able to do the Third Method?

A. No. We were not able to confidently do the Third Method, so we decided not to. If a wireless carrier had only one interconnection point with SWBT, we could have used that point as the origination point for all calls, and we could have used the information provided by the CTUSRs as the termination point for all calls. This would have allowed

[1] Reply brief of Southwestern Bell Telephone Company. Case No. TT-97-524. pp. 12-13.

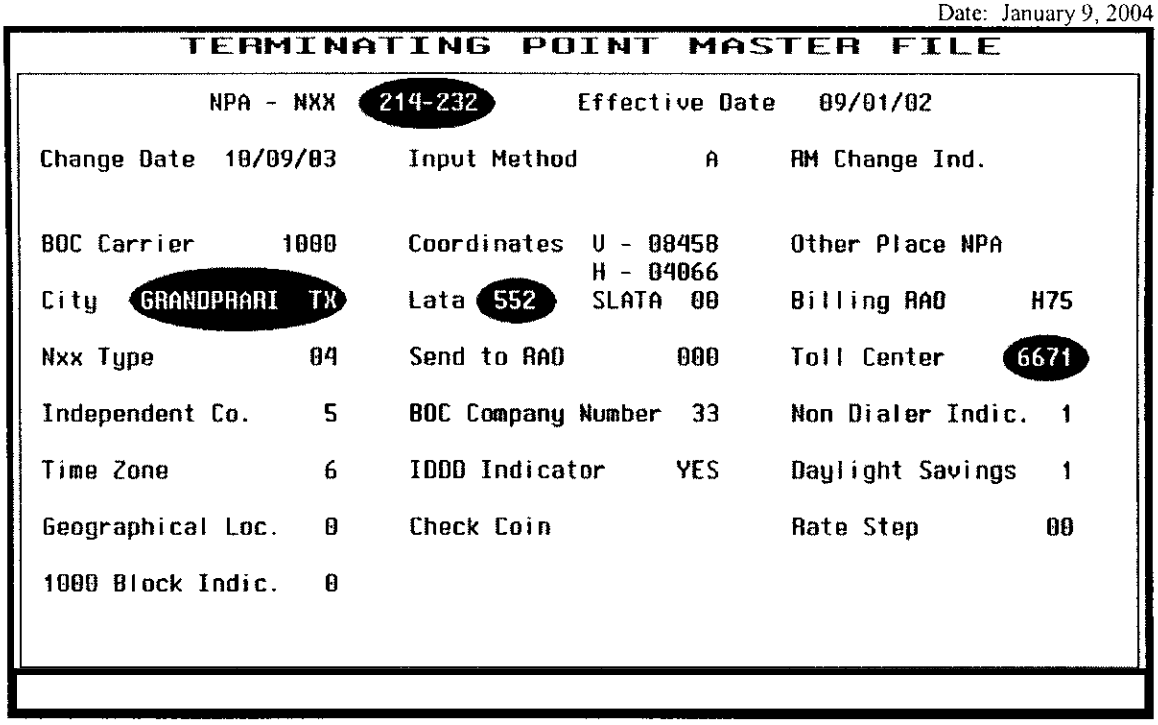
us to use the Third Method to develop interMTA and intraMTA proportions. However, we don't specifically know that Cingular has only one interconnection point, we decided not to use this method.

Q. Were you able to do the Second Method?

A. Yes. This Method was the only method left. MMTC and Sprint PCS have stipulated as to the traffic proportions. No such stipulation was obtained with Cingular. MMTC did perform the Second Method for Cingular. The traffic period in evidence is between February 5, 1998 and December 31, 2001. We selected the most recent quarter from this period to analyze, the months of October, November, and December, 2001.

All of the traffic at issue was being delivered by SWBT to the intraLATA toll network. MMTC's switch records all of the traffic that terminates to our exchanges. This switch recording includes information such as the calling number, the called number, date, time, call duration, etc. The only method we have to identify traffic that belongs to Cingular (or any other wireless carrier) is to "work backwards".

Because we record the calling number, that means we know the calling NPA-NXX (ie: the first six digits of the calling number). With this information, we can inquire into the Terminating Point Master (TPM) files to see what City/State, LATA, and Operating Company Number (OCN) are assigned to this NPA-NXX. In the example below, we are looking at the TPM for NPA-NXX 214-232.



TERMINATING POINT MASTER FILE

NPA - NXX	214-232	Effective Date	09/01/02		
Change Date	10/09/03	Input Method	A	AM Change Ind.	
BOC Carrier	1000	Coordinates	V - 08458 H - 04066	Other Place NPA	
City	GRANDPRARI TX	Lata	552	SLATA 00	Billing RAO H75
Nxx Type	04	Send to RAO	000	Toll Center	6671
Independent Co.	5	BOC Company Number	33	Non Dialer Indic.	1
Time Zone	6	IDDD Indicator	YES	Daylight Savings	1
Geographical Loc.	0	Check Coin		Rate Step	00
1000 Block Indic.	0				

As can be seen from the TPM, the City/State is "GRANDPRARI TX", the LATA is "552", and the OCN is "6671" (also referred to as the "Toll Center" on the image above). Once we have the OCN code, we can inquire of the TPM and obtain the company name assigned that OCN code. Once these steps are completed, we screen out companies we are not interested in, leaving only the Cingular traffic. We then use the City/State assigned to the NPA-NXX as a surrogate for the caller's location. In other words, we assumed the caller was in their home MTA when the call was made, giving us an originating MTA.

Determining the terminating MTA is simpler as we are dealing with calls terminating to landline phones in the 12 exchanges belonging to MMTC. Nine MMTC exchanges reside entirely within the Kansas City MTA. Traffic terminating to these nine

exchanges terminated in the Kansas City MTA. Two MMTC exchanges reside entirely within the St Louis MTA. Traffic terminating to these two exchanges terminated in the St. Louis MTA. One MMTC exchange (Fortuna) is split equally between the St. Louis MTA and the Kansas City MTA. Traffic terminating to Fortuna was split equally to the St. Louis MTA and to the Kansas City MTA. This was simpler and less time consuming method than attempting to track individual calls to each individual Fortuna customer to determine which side of the MTA boundary they resided in.

With both an originating MTA and a terminating MTA thus identified for each call, we could determine which calls originated and terminated in the same MTA (intraMTA traffic), and we could determine which calls originated and terminated in different MTAs (interMTA traffic). From there we calculated the proportions of total traffic that was interMTA or intraMTA.

Q. What proportions of interMTA and intraMTA traffic originated by Cingular does your Second Method analysis show?

A. This method showed that 61.0901% of Cingular traffic originated and terminated in different MTAs. In other words, 61% of Cingular traffic was interMTA, and 39% was intraMTA.

Q. Can you produce the results of this analysis in more detail?

A. Yes. The analysis for Cingular is attached hereto as Schedule 2 HC

Q. Please describe any potential for inaccuracies that exist with respect to this surrogate Second Methodology?

A. Our information does not allow us to know the actual location of the mobile caller

when the call was made. Our study assumed that the call was made from the MTA which included the "home area" of the caller. Intuitively we believed it safe to conclude that most wireless calls are made from the caller's home MTA.

We know that some wireless calls will be made while the customer is not in their home MTA. Therefore there are two types of errors that will be contained in our Second Method. First, it may identify an intraMTA call that was actually an interMTA call. Second, and conversely, it may identify an interMTA call that was actually an intraMTA call. These errors would tend to be offsetting, but I can't quantify the precise potential for each type of error.

Q. Please set forth the interMTA and intraMTA traffic proportion you are asking the Commission to find?

A. MMTC asks the Commission to find that the proportion of interMTA traffic originated by Cingular and terminated to MMTC between February 5, 1998 and December 31, 2001 was sixty-one percent (61%), and the proportion of intraMTA traffic originated by Cingular and terminated to MMTC during that same period was thirty-nine percent (39%).

MMTC asks the Commission to find that the proportion of interMTA traffic originated by Sprint PCS and terminated to MMTC between February 5, 1998 and December 31, 2001 was forty-three percent (43%), and the proportion of intraMTA traffic originated by Sprint PCS and terminated MMTC during that same period was fifty-seven percent (57%), in accordance with the Stipulation between MMTC and Sprint PCS.

Q. Does this conclude your direct testimony?

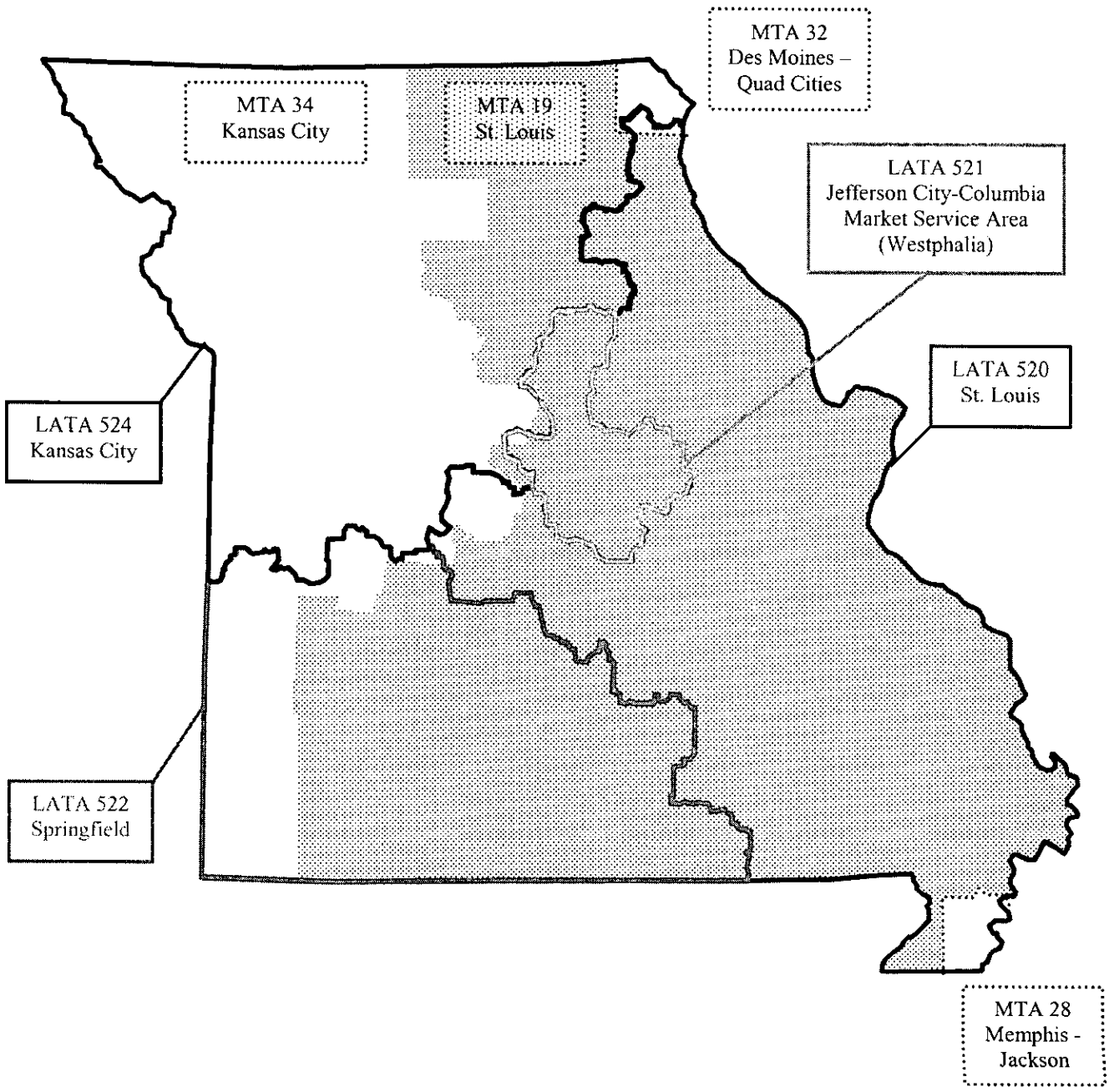
A. Yes.

SCHEDULE 1

Missouri Telephone LATA Boundaries and CMRS MTAs

Missouri Telephone LATA Boundaries

with CMRS MTAs



Schedule 1

SCHEDULE 2

HIGHLY CONFIDENTIAL

(Schedule is attached under separate cover)