

LAW OFFICES  
**BRYDON, SWEARENGEN & ENGLAND**  
PROFESSIONAL CORPORATION

DAVID V.G. BRYDON  
JAMES C. SWEARENGEN  
WILLIAM R. ENGLAND, III  
JOHNNY K. RICHARDSON  
GARY W. DUFFY  
PAUL A. BOUDREAU  
SONDRA B. MORGAN  
CHARLES E. SMARR

312 EAST CAPITOL AVENUE  
P.O. BOX 456  
JEFFERSON CITY, MISSOURI 65102-0456  
TELEPHONE (573) 635-7166  
FACSIMILE (573) 635-0427

DEAN L. COOPER  
MARK G. ANDERSON  
GREGORY C. MITCHELL  
BRIAN T. MCCARTNEY  
BRIAN K. BOGARD  
DIANA C. FARR  
JANET E. WHEELER

OF COUNSEL  
RICHARD T. CIOTTON

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 Kenneth Matzdorff**  
- **Cass County Telephone Company**

Dear Mr. Roberts:

Enclosed for filing please find an original and eight copies of the direct testimony of Kenneth Matzdorff on behalf of Cass County 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: Kenneth M. Matzdorff  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Cass County Telephone Company  
Case No.: TC-2002-1077  
Date: August 26, 2002

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

**FILED<sup>2</sup>**

**AUG 26 2002**

**DIRECT TESTIMONY**

**Missouri Public  
Service Commission**

**OF**

**KENNETH M. MATZDORFF**

**ON**

**BEHALF OF**

**CASS COUNTY TELEPHONE COMPANY**

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 Cass )  
State of Missouri)

AFFIDAVIT OF

KENNETH M. MATZDORFF

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

Kenneth M. Matzdorff

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

Katherine J. Whaley  
Notary Public

My Commission expires:

04/02/04

Katherine J. Whaley  
Notary Public - Notary Seal  
State of Missouri  
Cass County  
My Commission Expires: April 2, 2004

## DIRECT TESTIMONY

1 Q. Please state your name and business address.

2 A. Kenneth M. Matzdorff, 192 W. Broadway, P.O. Box 398, Peculiar, MO 64078.

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

4 A. Cass County Telephone Company – I am Chairman and Chief Executive Officer.

5 Q. Briefly describe the nature of your duties and responsibilities for Cass County Telephone Company.

6 A. I am responsible for all financial and operational activities. Included in these responsibilities is oversight of  
7 billing and collection of all fees associated with Cass County Telephone Company.

8 Q. Are you authorized to testify on behalf of Cass County Telephone Company?

9 A. Yes.

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

11 A. In 1979, I received a Bachelor of Science degree from Iowa State University with a major in Accounting  
12 and a minor in Economics. I completed a Masters in Business Administration from St. Louis University in 1985,  
13 with an emphasis in Finance. I have also completed course work in the Masters of Telecommunications program at  
14 George Washington University in Washington, D.C.

15 I have 27 years of experience in all areas of the telecommunications industry. Upon completing my degree  
16 at Iowa State University in 1979, I accepted a position with Continental Telephone Company of Iowa as a  
17 management trainee. I served in many capacities including Cable Acceptance Supervisor, Dispatch & Repair  
18 Supervisor and Field Accountant. I was promoted to the position of Separations Analyst in 1982, where I developed  
19 cost studies utilizing Part 36 and Part 69 rules. In 1983, I was promoted to the position of Coordinator of Revenues.  
20 In this position, I was responsible for developing rate case filings for the twelve states of Contel Corporation's  
21 (Contel) Central Region. In July of 1983 I was assigned to a task force to prepare Contel for the divestiture of  
22 AT&T. In this position, I was responsible for the development of access tariffs for the state and federal  
23 jurisdictions. I was also responsible for purchasing and installing carrier access billing systems (CABS) for Contel.  
24 Upon completion of this task, I was promoted to Manager of Regulatory, where I was responsible for negotiating  
25 compensation and service arrangements with various carriers, new service pricing, cost study development, access  
26 billing to interexchange carriers, expert testimony on compensation and cost of capital development. I also testified

1 before various regulatory bodies on access charge implementation and compensation. In 1985, I was promoted to  
2 Director of Finance of the South Central Division of Contel, which included the states of Missouri, Arkansas and  
3 Kansas. In this position, I was responsible for all special circuit provisioning, budgeting, industry negotiations and  
4 network support systems for the Division. In 1986, I was promoted to the position of Vice President-Regulatory of  
5 Contel's properties in the southeastern part of the United States. In this position, I was responsible for all revenue  
6 and regulatory matters in ten states. In 1992, I accepted a position with Fidelity Telephone Company. In this  
7 capacity, I was responsible for many different operational elements of the company including data processing,  
8 regulatory, customer service and revenue accounting. In 1995, I left Fidelity to form Cass County Telephone  
9 Company.

10 Q. Please briefly describe Cass County Telephone Company and the nature of its business.

11 A. Cass County Telephone Company (hereinafter sometimes referred to as the "Company") is a Maryland  
12 Limited Partnership with its principal office and place of business located at 192 W. Broadway, Peculiar, Missouri.  
13 A certificate of corporate good standing for a foreign limited partnership, issued by the Missouri Secretary of State,  
14 is attached to the Complaint filed in Case No. TC-2002-1077. Cass County Telephone Company provides telephone  
15 service to approximately 8,400 subscribers that are located within the following Missouri exchanges: Peculiar,  
16 Garden City, East Lynne, Drexel, Creighton, and Cleveland. The Company operates pursuant to a certificate of  
17 public convenience and necessity issued by the Commission in its Case No. TM-95-163. Of particular relevance to  
18 the instant complaint, Cass County Telephone Company provides basic local telecommunications services,  
19 exchange access services and wireless termination services pursuant to tariffs on file with and approved by the  
20 Missouri Public Service Commission (Commission) within its exchanges.

21 Q. What is the purpose of your testimony?

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

26 Q. Are there any pending actions or final unsatisfied judgments or decisions issued against your Company  
27 from any state or federal agency or Court within three years of the date of the filing of the instant Complaint which

1 involved customer service or rates?

2 A. No.

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

4 A. No.

5 Q. Please state your understanding of the nature of Respondents', VoiceStream and Western, business.

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

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

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

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

20 A. The wireless originated traffic is terminated to our exchanges over common trunk groups owned by SWBT  
21 which directly connect to the 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 exchanges. Because all of  
23 this traffic comes to us over a common trunk group, our Company is unable to distinguish the wireless-originated  
24 traffic from other interexchange traffic that is terminated to us. We are also unable to unilaterally prevent or block  
25 wireless-originated traffic from terminating to our facilities even in those circumstances where wireless carriers  
26 refuse or otherwise fail to pay for the terminating service which our Company provides.

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

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

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

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

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

14 A. No.

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

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

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

21 A. Each month we receive from SWBT a cellular transiting usage summary report (CTUSR) which identifies,  
22 by carrier, the CMRS providers who have transited wireless originated traffic over SWBT's facilities for termination  
23 to our exchanges. The CTUSRs we have received from SWBT since February 19, 2001 (when our wireless service  
24 tariff became effective) indicate that VoiceStream and Western have terminated traffic to our Company. The  
25 specific amounts of traffic are shown on the copies of CTUSRs which are attached to this testimony as Schedule No.

26 1. These CTUSRs are for the period of time February 5, 2001 through June 4, 2002, which is the most recent period  
27 for which SWBT has hard copies of this information.

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

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

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

7 A. Yes, VoiceStream and Western paid our CABS bills until the October 16, 2001 bill.

8 Q. Have you sent bills to VoiceStream and Western Wireless for this traffic since October 16, 2001?

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

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

14 A. As of the date of the filing of the Complaint, VoiceStream and Western still have outstanding and unpaid  
15 amounts as shown on Exhibits 15(HC) and 16(HC) attached thereto. These amounts remain outstanding and unpaid  
16 and will increase as wireless traffic continues to be terminated to our Company.

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

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

22 Q. Prior to filing this complaint, did you attempt to resolve this dispute with VoiceStream or Western?

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

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



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

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

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

12  
13 In the event a wireless carrier refuses to pay a third-party LEC for such termination and the  
14 wireless carrier does not have a reciprocal compensation agreement with the third-party LEC,  
15 SWBT will remain secondarily liable to the third-party LEC for the termination of this traffic, but  
16 will be entitled to indemnification from the wireless carrier upon payment of the loss. *In the*  
17 *matter of SWBT's tariff filing to revise its wireless carrier Interconnection Service Tariff*, PSC  
18 Mo. No. 40, Case No. TT-97-524, Report & Order, December 23, 1997.  
19

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

1 right of indemnification from VoiceStream and Western so that SWBT would be reimbursed for any charges it is  
2 required to pay to us.

3 Q. Does that complete your direct testimony?

4 A. Yes, it does.

CASE NO. TC-2002-1077

Schedule No. 1

HIGHLY CONFIDENTIAL

Direct Testimony of Kenneth Matzdorff  
on behalf of Cass County Telephone Company

FILED UNDER SEAL