

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

In the Matter of a Proposed Rule to Require)	
all Missouri Telecommunications Companies)	
to Implement and Enhanced Record)	Case No. TX-2003-0301
Exchange Process to Identify the Origin of)	
IntraLATA Calls Terminated by Local)	
Exchange Carriers.)	

SBC MISSOURI'S REPLY

SBC Missouri¹ respectfully submits this Reply to the Small Telephone Company Group's ("STCG's"), the Missouri Independent Telephone Group's ("MITG's") and Staff's March 28, 2005 filings opposing SBC Missouri's motion to abate the proposed Enhanced Record Exchange Rulemaking.

INTRODUCTION

In opposing SBC Missouri's Motion, Staff, STCG and MITG each assert that the impact of the FCC's actions in its Declaratory Ruling in the T-Mobile case and its Further Notice of Proposed Rulemaking in its Unified Intercarrier Compensation Rulemaking are too uncertain at this time to cause the Missouri Commission to alter this rulemaking in any way.

While the Commission, and particularly Staff, has been working on intercompany billing record issues for years, much has transpired over that period. As detailed below, SBC Missouri (and the other former PTCs) have implemented systems to record and provide records on traffic that previously went unreported; services that previously caused records problems have been

¹ Southwestern Bell Telephone, L.P., d/b/a SBC Missouri, will be referred to in this pleading as "SBC Missouri" or "SBC."

discontinued; and now the FCC is moving to address the very issues the Commission's proposed rule attempts to cover.

MITG asks "why the bum's rush" to abate this proceeding.² But the Commission instead should ask itself why there is a rush to implement the rule when:

- no showing has been made that a current problem even exists;
- the rule as drafted has been shown to impose millions of dollars of costs on SBC Missouri, Sprint and CenturyTel, without any showing of benefit from such expenditures;
- significant investments of time and money have been made to develop and deploy new records systems to record and supply records on traffic that previously went unreported; and
- the FCC is now in the process of addressing these very concerns.

ARGUMENT

1. No Showing Has Been Made That A Current Problem Exists.

STCG and MITG attempt to create the appearance that a problem continues to exist with the records exchange system now in place, claiming that problems have been "documented in this case and the cases that precede it,"³ and that there is a "demonstrated, longstanding need" for the Enhanced Records Exchange Rule in Missouri.⁴

But no showing has been made, either by STCG or MITG, that any current problem with records exists. All they can point to is an isolated problem that occurred five years ago that resulted from a translation error SBC Missouri made in programming a few of its switches to handle its Local Plus® service (which was a unique, flat-rated, locally-dialed intraLATA toll

² MITG Opposition, p. 2.

³ STCG Opposition, p. 1.

⁴ MITG Opposition, p. 1.

plan). In an attempt to characterize this recording problem as ongoing, however, STCG fails to disclose that after the Ericsson switch problem was identified in 2000, the translation error was corrected immediately, thereby resolving the problem on a going forward basis.⁵ SBC Missouri also accepted full financial responsibility for its mistake and made appropriate retroactive settlements at that time to all LECs that were impacted.⁶ Additionally, it should also be noted SBC Missouri has since withdrawn Local Plus so this problem is no longer an issue.

SBC Missouri has also invested substantial efforts to provide small ILECs with the records necessary for them to bill the carrier originating the call. STCG and MITG's Oppositions completely ignore SBC Missouri's continued efforts to provide them with detailed recordings and how these efforts have impacted the amount of traffic they claim is unidentified. As the Commission is aware, much work has been done over the last five years to develop systems to capture information on traffic that previously went unreported and to create intercompany billing records so that carriers on the call path can bill for the traffic they handle.⁷

Although not mentioned in their Oppositions, STCG's outside consultant Bob Schoonmaker acknowledged at the hearing in this proceeding that the previous gap in records "has been closed," based on an informal review within the last year of data at eight or nine companies ("the differences that were reported ranged between very small amounts, less than one percent, to as much as six percent in one of the companies").⁸ And subsequent to this small

⁵ See, Case No. TO-99-593, SBC Missouri witness Dunlap Direct, Schs. 2-1 through 2-4.

⁶ See, Case No. TO-99-593, SBC Missouri witness Hughes Surrebuttal, p. 2; SBC Missouri witness Dunlap Rebuttal, p. 20; Sprint witness Cowdrey T. 418-420.

⁷ T. 89-95, Hines; T. 96-104, Murphy.

⁸ T. 66, Schoonmaker.

company review, SBC Missouri developed and deployed an additional recording system designed to capture and create records on transited traffic from facility-based CLECs.

No industrywide test has been performed since all of these new records systems have been put in place to determine whether any material amounts of “unidentified” traffic even exists. Certainly enough has changed over the last several years to require a fresh look before adopting a rule that will cost millions to implement when it is not even clear any continuing problem exists.

2. SBC Missouri And The Former PTCs Are The Only Carriers That Developed And Implemented Solutions.

The STCG claims that the former Primary Toll Carriers (“PTCs”) have “a long history of raising incomplete or unrelated industry and . . . FCC . . . proposals in hopes of delaying or derailing a solution to the problems of unauthorized, uncompensated, and/or unidentified traffic,”⁹ and MITG claims that “for over 7 years the small ILEC efforts to obtain resolution has been dogged and delayed by SBC and the former PTCs at every turn.”¹⁰

The actual history, however, shows just the opposite. As can be seen from the many types of records that are actually being created and provided to the small LECs in the ordinary course of business, SBC Missouri and the other former PTCs have consistently and diligently worked to develop and provide records the small LECs can use to bill and receive appropriate payment from the originating responsible carrier:

- Since divestiture, the former PTCs have been providing the small LECs with access usage records that they have used and still use to bill IXC for interstate and intrastate traffic;

⁹ STCG Opposition, p. 1.

¹⁰ MITG Opposition, p. 2.

- SBC Missouri for years has been providing the settlement reports for Feature Group A (“FGA”) traffic;
- The former PTCs, pursuant to the Commission’s directives in case No. TT-97-524, have been providing Cellular Transiting Usage Summary Reports (“CTUSR”) reports for transited wireless traffic. The small LECs have acknowledged to the Commission they can use them for billing wireless carriers;
- The former PTCs, pursuant to the Commission’s Order in Case No. TO-99-254, worked cooperatively with the small LECs and their billing vendors to develop Category 11 type mechanized records for use in Missouri in a format that was acceptable to the small LECs. Those records have been used successfully by the small LECs to bill terminating compensation on intraLATA toll traffic since April 2000;
- The former PTCs worked with the small LECs to develop records the small LECs can use to identify and bill interstate intraLATA calls. This new process began operating within SBC Missouri in February, 2001;
- The former PTCs and the small LECs, in a spirit of full cooperation, conducted an extensive test in July 2000 of the existing record systems for the purpose of identifying and addressing any problems that may exist. A tremendous amount of effort by all carriers went into this test and the report prepared by the industry was filed in Case No. TO-99-593;
- In 2001, SBC Missouri began providing Transiting Usage Summary Reports for UNE-P traffic CLECs originated from SBC Missouri end offices. In 2002, SBC Missouri developed a Transiting Usage Summary Report for operator service traffic that SBC Missouri handled for third parties. In November 2002, SBC Missouri made individual mechanized call detail records in Category 92-01 format available for both types of traffic. In October 2003, SBC Missouri made these records available in Category 11 mechanized format.
- Beginning in July 2004, SBC Missouri upgraded the reporting of wireless-originated traffic by replacing the summary-format CTUSR paper report with individual mechanized call detail records; and
- Beginning third quarter 2004, SBC Missouri began providing individual mechanized call detail records for transited traffic from facility-based CLECs.

The Commission should also question the fairness of STCG's characterization of Verizon's OBF 2056 proposal as a "red herring."¹¹ (MITG similarly questions the motivation of Verizon's proposal: "OBF Issue 2056 is the solution to these issues; No, OBF 2056 is not the solution to these issues.")¹² Although OBF Issue 2056 primarily addressed IXC-handled traffic, OBF Issue 2056 and MECAB 7 also had application to other types of traffic including intraLATA toll, wireless and local services. As Verizon explained during the hearing in Case No. TO-99-593, OBF Issue 2056 would help the unidentified traffic problem by filling gaps in the existing record exchange procedures. Specifically, Verizon's witness stated: "if a LEC does not have the ability to record its own usage, Issue 2056 contains a process by which the provider can obtain copies of records from the originating, transiting or terminating provider."¹³ The April 19, 2002 large LEC response to Staff's questions during the workshops in Case No. TO-99-593 was consistent with this position. In their response, the large LECs (which included the former PTCs and Alltel) stated:

Under OBF 2056: Each company generates their official recording (Originating Company, Tandem Company, Terminating Company). However, when a company does not have detailed records to produce an accurate, timely and auditable bill, a company may obtain copies of detailed records (when available) from another company (i.e., Originating Company or Tandem Company). Section 6 of MECAB 7 provides: "In lieu of recordings, where compensation does exist, alternative methods and associated data (i.e., T/O ratio, flat rate, etc.) may be developed and shared between companies."¹⁴

As the large LECs explained in their response, the application of OBF Issue 2056 allows the party that cannot record the traffic to obtain usage information from companies that have

¹¹ STCG Opposition, p. 1.

¹² MITG Opposition, p. 3.

¹³ See, Case No. TO-99-593, Rebuttal Testimony of Kathryn Allison, filed December 20, 2000 at p. 1,6.

¹⁴ See, Case No. TO-99-593, April 19, 2002, Response to Staff Questions 1(b)i-ii; 1(f); 1(h).

such capabilities. As outlined in the bullet points above, the former PTCs have taken concrete steps to accomplish this. This exchange of information will allow carriers to identify and bill for traffic they terminate, consistent with the principles inherent in the Multiple Exchange Carrier Access Billing (“MECAB”) document.¹⁵

3. The Former PTCs’ Incentives To Obtain Accurate Records Are Identical To Those Of The Small LECs.

STCG claims that its member companies “presently bear 100% of the risk” on unidentified and uncompensated traffic and that the former PTCs “have no incentive to address the problem.”¹⁶

SBC Missouri, however, would point out that its interests and those of the other former PTCs are no different than those of the small ILECs on this issue. As was shown at the hearing in this proceeding, the vast majority of the traffic that flows across the LEC-to-LEC network was not originated by customers of SBC Missouri or the other former PTCs. Rather, the majority of the traffic is wireless and IXC traffic. Based on SBC Missouri’s recent examination of the traffic that flows across its network to other carriers:

- 60% of the traffic was originated by wireless carriers.
- 30% was originated by IXCs.
- The remaining 10% was a mixture of SBC Missouri toll traffic, other ILECs’ toll traffic, and CLEC toll traffic.
- Of that 10%, SBC Missouri’s share is less than 3%.¹⁷

¹⁵ T. 89-85, Hines.

¹⁶ STCG Opposition, p. 5.


¹⁷ T. 102, Murphy.

Like the small LECs, SBC Missouri and the other former PTCs only get paid for the transiting, transport or termination functions they provide if that traffic is properly recorded and intercompany compensation records are created that will allow them to bill the appropriate originating carrier. In this regard, the former PTCs therefore have the same incentive as the small ILECs to make sure that there is an appropriate records creation process so that each company can bill the originating carrier for use of the jointly provided network being provided to originating carriers. As outlined in the bullet points in the previous section, those records are now being made available.

WHEREFORE, SBC Missouri respectfully requests the Commission to (1) reopen the record in this rulemaking proceeding for consideration of the FCC's recently released Declaratory Ruling and its Further Notice of Proposed Rulemaking, and (2) abate this rulemaking until the FCC has completed its investigation in the Unified Intercarrier Compensation docket and issues rules or determinations concerning intercarrier compensation, transit traffic and intercompany billing records.

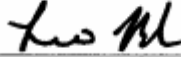
Respectfully submitted,

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CERTIFICATE OF SERVICE

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