

EXHIBIT NO.:
ISSUE: TARIFFS FOR TERMINATING TRAFFIC
WITNESS: ROBERT C. SCHOONMAKER
TYPE OF EXHIBIT: SURREBUTTAL TESTIMONY
SPONSORING PARTY: THE SMALL TELEPHONE
COMPANY GROUP
CASE NO.: TT-99-428, et al.

FILED²

OCT 4 1999

Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Mid-Missouri
Group's Filing to Revise its Access
Service Tariff, P.S.C. Mo. No. 2

)
) Case No. TT-99-428, et al.
)

AFFIDAVIT OF ROBERT C. SCHOONMAKER

Robert C. Schoonmaker, of lawful age, being duly sworn, deposes and states as follows:

1. My name is Robert C. Schoonmaker. I am employed by GVNW Consulting, Inc. as a Vice President.
2. Attached hereto and made a part hereof for all purposes is my direct testimony consisting of pages 1 through 20 and Schedules RCS-1 through RCS-2.
3. I hereby affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief and that the information contained in the attached schedules is also true and correct to the best of my knowledge and belief.

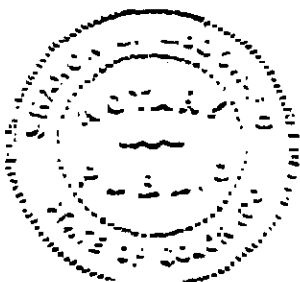
Robert C. Schoonmaker

Robert C. Schoonmaker

Subscribed and sworn to before me this 4th day of October, 1999.

Sharon L. McDonald Notary Public

My Commission expires: 8-28-2002



1 DIRECT TESTIMONY OF ROBERT C. SCHOONMAKER

2
3 Q. Would you please state your name and address.

4 A. My name is Robert C. Schoonmaker. My business address is 2270 La Montana
5 Way, Colorado Springs, Colorado 80918.
6

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

8 A. I am a Vice President of GVNW Consulting, Inc., a consulting firm specializing
9 in working with small telephone companies.
10

11 Q. Would you please outline your educational background and business experience.

12 A. I obtained my Masters of Accountancy degree from Brigham Young University in
13 1973 and joined GTE Corporation in June of that year. After serving in several
14 positions in the revenue and accounting areas of GTE Service Corporation and
15 General Telephone Company of Illinois, I was appointed Director of Revenue and
16 Earnings of General Telephone Company of Illinois in May, 1977 and continued
17 in that position until March, 1981. In September, 1980, I also assumed the same
18 responsibilities for General Telephone Company of Wisconsin. In March, 1981, I
19 was appointed Director of General Telephone Company of Michigan and in
20 August, 1981 was elected Controller of that company and General Telephone
21 Company of Indiana, Inc. In May, 1982, I was elected Vice President-Revenue
22 Requirements of General Telephone Company of the Midwest. In July, 1984, I
23 assumed the position of Regional Manager of GVNW Inc./Management (the
24 predecessor company to GVNW Consulting, Inc.) and was later promoted to my

1 present position of Vice President. I have served in this position since that time
2 except for the period between December 1988 and November, 1989 when I left
3 GVNW to serve as Vice President-Finance of Fidelity and Bourbeuse Telephone
4 Companies.

5
6 Q. What are your responsibilities in your present position?

7 A. In my current position, I consult with independent telephone companies and
8 provide financial analysis and management advice in areas of concern to these
9 companies. Specific activities which I perform for client companies include
10 regulatory analysis, consultation on regulatory policy, financial analysis, business
11 planning, rate design and tariff matters, interconnection agreement analysis, and
12 general management consulting.

13
14 Q. Have you previously testified in regulatory proceedings?

15 A. Yes, I have testified on regulatory policy, local competition, rate design,
16 accounting, compensation, tariff, interconnection agreements, and separations
17 related issues before the Illinois Commerce Commission, the Public Service
18 Commission of Wisconsin, the Michigan Public Service Commission, the Iowa
19 Utilities Board, the Tennessee Public Service Commission, and the Missouri
20 Public Service Commission. In addition, I have filed written comments on behalf
21 of our firm on a number of issues with the Federal Communications Commission
22 (FCC) and have testified before the Federal-State Joint Board (Joint Board) in CC
23 Docket #96-45 on Universal Service issues. In July, 1998 I was appointed by the

1 FCC to serve on the Rural Task Force to make recommendations to the FCC-State
2 Joint Board in CC Docket #96-45.

3
4 Q. Who are you representing in this proceeding?

5 A. I am representing the incumbent local exchange companies (ILECs) shown on
6 Schedule RCS-1. Collectively I refer to these companies as the Small Telephone
7 Company Group (STCG).

8
9 Q. What is the purpose of your testimony?

10 A. I will respond to the rebuttal testimony of several of the witnesses regarding the
11 issues raised in their testimonies. These include the nature of current
12 interconnection arrangements between the small company local exchange carriers
13 (LECs) and the Primary Toll Carriers (PTCs) (soon to be former PTCs), the
14 nature of the traffic exchanged between the wireless carriers and the small LECs,
15 and the compensation that should be exchanged in relationship to this traffic.

16
17 Q. What is the interest of the STCG companies in this proceeding?

18 A. While the STCG companies do not have tariffs that are directly at stake in these
19 hearings, they face the same problems that the MMG companies face in
20 relationship to indirect interconnection and use of their networks by carriers who
21 send traffic to their networks through direct connections with Southwestern Bell
22 Telephone Company (SWBT) and possibly other local exchange carriers. The
23 STCG is very interested in the outcome of this proceeding. If the MMG

1 companies' tariff language is approved by the Commission, the STCG companies
2 will likely file similar language in their own tariffs.

3
4 Q. Staff witness Mr. Clark raises the issue that the tariff language proposed by the
5 MMG would apparently require the charging of access rates on Metropolitan
6 Calling Area (MCA) traffic, a situation that would be contrary to the
7 Commission's order establishing that service. What is your reaction to this
8 testimony?

9 A. I would agree that the language as proposed might do that for the Choctaw and
10 Mo-Kan Dial telephone companies who participate in the MCA. I do not believe
11 that was the intent of the MMG companies when they proposed the language. I
12 believe that this issue could be resolved by adding two additional phrases to the
13 end of the currently proposed language. I would propose that the final period be
14 changed to a comma and that the additional language be added to the proposed
15 tariff language, "...other agreements between the parties for different
16 interconnection and/or compensation terms, or specific orders of the Missouri
17 Public Service Commission that establish different interconnection and
18 compensation terms."

19
20 Q. Are you going to respond to other issues raised by various parties about
21 compensation related to MCA traffic?

22 A. No. I believe with the changes I propose above that these issues can be dealt with
23 in Case No. TO-99-483 which is specifically addressing issues related to the

1 ongoing implementation of MCA in a competitive environment and compensation
2 issues related to that service.

3
4 Q. Before addressing the issues regarding interconnection that have been raised and
5 discussed in this docket, do you feel there is additional background information
6 that needs to be developed regarding the rights and responsibilities of
7 interconnecting carriers that lay a foundation for this discussion?

8 A. I do. Section 251(a) of the Telecommunications Act of 1996 ("the Act") does
9 require carriers to allow both direct and indirect interconnection to their networks.
10 However, the remainder of Section 251 and Section 252 make it quite clear that
11 such interconnections are supposed to take place pursuant to interconnection
12 agreements between the involved carriers. Nowhere does the statute allow
13 carriers to interconnect, either directly or indirectly, without such interconnection
14 contracts. SWBT adheres to this requirement quite strictly and will not directly
15 interconnect its network with another carrier until properly executed
16 interconnection agreements have been reached. Each other local exchange carrier
17 in the state has the same rights under the Act.

18
19 Q. What are the current contractual relationships between the incumbent local
20 exchange carriers (ILECs) in the state?

21 A. From my experience I believe that there are two primary contractual documents
22 that establish terms and conditions for network connections between all of the
23 ILECs in the state at this time, with, in certain circumstances a few other limited

1 contracts. The first is the PTC/Secondary Carrier (SC) contracts which have been
2 terminated already for some companies and will be soon for the remainder of the
3 ILECs pursuant to Commission order. This contract establishes terms and
4 conditions for interconnecting the ILECs' networks, specifies where they will be
5 connected, and limits the exchange of traffic under the contract to intrastate
6 intraLATA message toll and WATS traffic provided pursuant to those tariffs. The
7 second is the ILEC access tariffs which provide for the joint provisioning of
8 exchange access to other carriers. The final type of contract, the exception
9 contracts, which applies in limited situations includes (1) Extended Area Service
10 contracts between certain LECs that provide for the exchange of local traffic
11 between certain exchanges and (2) the wireless interconnection agreements
12 entered into by a few LECs with wireless carriers. To my knowledge there are no
13 other legal agreements providing for the interconnection of the ILECs networks.
14 Consequently, the only legal use of the network connections between SWBT (and
15 other PTCs) and the STCG and MMG members after the termination of the PTC
16 plan will be the use of those interconnections for exchange access traffic.

17
18 Q. Are you saying then that SWBT should not be transiting traffic to the LECs under
19 any other basis than the joint billing of access traffic?

20 A. That's exactly what I am saying. Once the PTC/SC contracts are cancelled the
21 access tariffs are virtually the only authorization SWBT has to terminate traffic to
22 the networks of the STCG and MMG companies. These companies have the same
23 right as SWBT not to incur interconnection, either direct or indirect, until

1 appropriate contracts have been established both between the LEC and SWBT
2 with whom the direct interconnection is made and between the LEC and the
3 wireless carriers or CLECs who may want indirect connections.

4
5 Q. Didn't the Commission, in the wireless interconnection tariff case and the SWBT
6 interconnection contracts, establish that SWBT had the right to provide only a
7 transiting function for those carriers?

8 A. Yes, but those tariffs and contracts only involve the business relationships
9 between SWBT and the carriers with whom they directly connect and to whom
10 the offer services. The contracts specifically indicate that they are between the
11 two parties only and only bind those two parties. Nothing in those contracts or
12 the SWBT wireless tariff establishes the terms, conditions, or prices upon which
13 the terminating LEC will interconnect with either SWBT or indirectly with other
14 carriers. Just because SWBT offered a contract to provide transiting services does
15 not mean that the STCG and MMG companies have offered or entered into a
16 contract to interconnect with SWBT in this manner or to terminate that traffic
17 either for SWBT or the carriers who contract with SWBT.

18
19 Q. How does this prior discussion relate to the tariff provisions filed by the MMG
20 companies?

21 A. The tariff provisions filed by the MMG companies clarify and make more specific
22 the appropriateness of using the access tariff to bill all companies who are using
23 the network connections established via the joint provision of access services.

1 Since that is the only contractual vehicle for SWBT to deliver traffic under at the
2 present time to the STCG and MMG companies it is appropriate to make clear to
3 various carriers that this is the vehicle under which charges should be rendered. I
4 specifically indicate that this is a clarification of the tariff, and not a change to the
5 tariff, since the Commission has recognized that it is appropriate to charge access
6 rates under the tariff to the party delivering them in both the United and Mid-
7 Missouri/Chariton wireless complaints against SWBT.

8
9 Q. Does this mean that the STCG believes that SWBT should be "blocking" this
10 traffic?

11 A. No. As long as the traffic is being delivered under the auspices of the joint
12 provisioning of the access tariff there should be no blocking of the traffic. To the
13 extent that SWBT and/or the carriers desiring indirect interconnection believe that
14 this traffic should be delivered on some other terms, no such terms have been
15 developed, no such contracts have been entered into, no such interconnection,
16 either direct or indirect, has been authorized, and the traffic should not be
17 delivered because no interconnection has legally been effected. Just as SWBT
18 requires carriers to enter into contracts with them before interconnection takes
19 place, the STCG companies have the right to complete contracts with all
20 appropriate parties before interconnection commences. Where there is no
21 interconnection and no traffic is delivered, this is not considered to be blocking by
22 SWBT in its relationships with carriers, rather it is considered a lack of
23 interconnection.

1

2 Q. Several parties discussed issues related to the Act and the provisions in it. Do you
3 agree that the Act requires both indirect and direct connections?

4 A. Yes. Section 251(1) of the act specifically requires carriers to enter into both
5 direct and indirect interconnections of networks. However, other portions of the
6 Act and the FCC's rules and orders are not very clear on how such
7 interconnections should be effectuated.

8

9 Q. Let's turn to the issue of reciprocal compensation. Doesn't Section 251(b)(5) of
10 the Act require all local exchange carriers (both ILEC and CLEC) to establish
11 "...reciprocal compensation arrangements for the transport and termination of
12 telecommunications" as staff witness Mr. Clark and Sprint PCS witness Mr.
13 Propst opine?

14 A. Yes, it does. However, for compensation to be reciprocal there is a presumption
15 that there is a two-way exchange of traffic. If one party is terminating traffic to a
16 second party, but the second party does not terminate traffic to the first party there
17 is no "reciprocal" arrangement since the traffic exchange is not reciprocal. It is
18 less clear in this circumstance whether Section 251(b)(5) applies, and how it
19 applies.

20 Notice as well that reciprocal compensation specifically applies to the "transport
21 and termination" of telecommunications. In its rules (Part 51, Section 51.701(C))
22 the FCC defines the term "transport" as follows:

1 “(c) *Transport*. For purposes of this subpart, transport is the transmission and any
2 necessary tandem switching of local telecommunications traffic subject to section
3 251(b)(5) of the Act from the interconnection point between the two carriers to the
4 terminating carrier’s end office switch that directly serves the called party, or equivalent
5 facility provided by a carrier other than an incumbent LEC.” [emphasis added]
6

7 From the FCC’s definition it is apparent that “transport” takes place “between two
8 carriers” and begins at “the interconnection point between the two carriers.”

9 When indirect interconnection is involved it would appear that there is no
10 “transport” taking place because more than two carriers are involved and because
11 the first and third carriers have no point of interconnection between them from
12 which the “transport” can be measured.
13

14 Q. Are there other pronouncements by the FCC which support this understanding?

15 A. Yes. In its August 8, 1996 Interconnection Order which established the rules for
16 interconnection the FCC discussed this issue in some detail. Included in that
17 discussion is the following which contrasts the application of access charges and
18 reciprocal compensation:

19 “Access charges were developed to address a situation in which three carriers –
20 typically, the originating LEC, the IXC, and the terminating LEC – collaborate to
21 complete a long-distance call. As a general matter, in the access charge regime,
22 the long-distance caller pays long-distance charges to the IXC, and the IXC must
23 pay both LECs for originating and terminating access service. By contrast,
24 reciprocal compensation for transport and termination of calls is intended for a
25 situation in which two carriers collaborate to complete a local call. In this case,
26 the local caller pays charges to the originating carrier, and the originating carrier
27 must compensate the terminating carrier for completing the call.”¹
28

¹ First Report and Order in CC Docket #96-325, Para 1034.

1 This discussion further supports the FCC's views regarding the appropriate use of
2 access charges, as opposed to reciprocal compensation, and the definition of
3 "transport" that applies to interconnection between two carriers only.
4

5 Q. Is it unusual for the traffic exchange to be something other than reciprocal?

6 A. No, it is not, and it will become the "norm" when the PTC plan termination has
7 been completed. "Transport and termination" of traffic and the reciprocal
8 compensation agreement section refers to traffic that is not governed by access
9 tariffs. With the termination of the PTC plan, the STCG and MMG members will
10 not be providing any intraLATA toll calling using the LEC to LEC network. In
11 all cases this traffic will be carried by an interexchange carrier. The business
12 relationships related to these arrangements will require the interexchange carrier
13 to be responsible for arranging the termination of the call and paying for that
14 termination. Thus the STCG and MMG members themselves will be generating
15 virtually no traffic to wireless carriers, CLECs, or other ILECs. Thus the traffic
16 will be in only one direction, from wireless carriers and CLECs, to the STCG and
17 MMG companies.
18

19 Q. What impact does this have on the development of interconnection contracts with
20 the ILECs?

21 A. There is very little incentive for these parties to pursue interconnection contracts
22 with the STCG and MMG companies at this point in time. Since their traffic is
23 already being terminated to the ILECs as they desire, they have no need to enter

1 into such an agreement. Since they currently are not paying anything for this
2 termination and will likely have to pay something in the future, there is little
3 further incentive to enter into negotiations. As AT&T Wireless witness Mr. Maas
4 recognizes in his testimony, the transiting business arrangement implemented by
5 SWBT causes significant administrative costs related to contracts regarding
6 indirect interconnection with multiple small LECs. This is a further impediment
7 to entering into and successfully concluding negotiations.

8
9 Q. Have the CLECs and wireless carriers been totally reticent to enter into
10 interconnection negotiations?

11 A. No, some carriers have tried to fulfill these responsibilities. In defense of the
12 CLECs, under the PTC/SC contracts there was no need for them to enter into
13 agreements with most ILECs since the PTCs took responsibility for terminating
14 the CLEC originated intraLATA toll calls. This will change with termination of
15 the PTC plan. Two or three of the wireless carriers have initiated discussions with
16 the STCG and MMG companies. These negotiations have generally broken down
17 over disagreements regarding the parties' interpretations of the various terms of
18 the Act and the FCC's rules.

19
20 Q. Can ILECs require CLECs and wireless carriers to enter into negotiations for
21 indirect interconnection agreements?

22 A. Under the provisions of the Act (Section 251(c)(1)) only ILECs have a statutory
23 "duty to negotiate" with a requesting carrier. While AT&T witness Kohly alleges

1 that the reciprocal compensation clause which requires all LECs to establish such
2 arrangements allows ILECs to request CLECs to enter into such arrangements,
3 CLECs clearly do not have the same statutory requirement to negotiate as do
4 ILECs. There is no other provision in the Act to require CLECs or wireless
5 carriers to enter into interconnection negotiations.

6
7 Q. Sprint PCS witness Mr. Propst indicated that Sprint PCS had filed an informal
8 complaint against a number of Missouri companies. What was the basis of that
9 complaint?

10 A. Basically, Sprint PCS alleged that the companies were not willing to negotiate
11 under the provisions of the Act. In fact, there were some initial negotiations
12 between representatives of these companies and Sprint PCS regarding contracts.
13 However, discussions broke down over a basic disagreement regarding what
14 traffic was subject to reciprocal compensation. Sprint PCS basically took the
15 position that any interexchange call originating with an end user of a LEC that
16 was terminated to a wireless carrier within the same MTA was a call originated by
17 that LEC. Sprint PCS's position, however, ignores the provisions of state access
18 tariffs which allow carriers other than the LEC to carry such calls under state toll
19 tariffs if the call is outside the ILECs local calling scope. In fact, with the
20 implementation of intraLATA dialing parity, LECs are required to allow end
21 users to pick the IXC who will carry this traffic. Though those calls were carried
22 by either the PTCs or IXCs using access facilities purchased from the ILEC,
23 Sprint PCS's position was that the ILEC was responsible for paying terminating

1 compensation on all these calls. Sprint PCS also took the position that the ILEC
2 was the only place they could go to for terminating compensation on these calls,
3 in spite of the fact that they were provided correspondence from SWBT that
4 indicated they were responsible for paying terminating compensation for the
5 duration of the PTC plan. (See Schedule RCS-2 attached.)
6

7 Q. What is the status of this complaint at the FCC?

8 A. Technically, since more than six months have passed without action by the FCC,
9 and Sprint PCS has not filed a formal complaint, the informal complaint should be
10 dead. However, the FCC staff is reviewing the matter and recently had a meeting
11 in Washington, D.C. with the parties to discuss the issues. It appears that the FCC
12 is considering whether to take some action regarding the issues raised by the
13 complaint.
14

15 Q. What other issues complicate the negotiations with those carriers?

16 A. While Section 251(a) requires both direct and indirect interconnection, there is a
17 good deal of uncertainty about the nature of indirect interconnection. For
18 example, Section 251(c)(2)(B) states that interconnection with a local exchange
19 carrier network must be "(B) at any technically feasible point *within* the carrier's
20 network." [emphasis added] Since any connection *within* a carrier's network
21 must, of necessity, be a direct connection, rather than an indirect one, it appears
22 that this section of the Act deals only with direct connections, not indirect ones.
23 As discussed earlier in my testimony, it appears that the FCC's definition of

1 "transport" does not apply to indirect interconnections. However, wireless
2 carriers clearly believe that it does and that it is not appropriate to charge access
3 charges for such indirect interconnections within an MTA.
4

5 Q. Do you agree with Staff witness Clark's analysis of federal rules regarding
6 indirectly interexchanged wireless traffic on pages four through six of his
7 testimony and his conclusion that access rates should not apply to that traffic?

8 A. No. Mr. Clark clearly has neglected to review the definition of "transport" and
9 thus erroneously concluded that access rates cannot apply to traffic originated by a
10 wireless carrier, transited by a LEC, and terminated by a third LEC. Regardless
11 of whether this is a "local" call or not, since it does not fit the definition of
12 "transport and termination", it cannot fit under the reciprocal compensation clause
13 and access rates do apply. As I indicated earlier in my testimony, this is
14 consistent with the FCC's discussion of access applying where three carriers are
15 involved in completing the call and reciprocal compensation applying when two
16 carriers are involved.
17

18 Q. On Page 4 of his testimony Mr. Clark implies that the Commission, in Case No.
19 TT-97-524 found some general inherent problem with LECs charging terminating
20 access for terminating wireless traffic. He quotes the Commission's decision to
21 support his statement. Do you agree that the statement quoted supports the claim
22 Mr. Clark made?

1 A. No, I do not. The quote from the Commission's order relates to the business issue
2 regarding whether SWBT or the originating carrier should be charged. The
3 Commission states that allowing the small LECs to charge SWBT access rates
4 would give them no incentive to negotiate. It makes no general statement
5 regarding the appropriateness of the general proposition of charging access rates
6 for terminating wireless traffic.

7
8 Q. AT&T witness Mr. Maas recommends that bill and keep compensation
9 arrangements be established for compensation for the termination of wireless
10 calls. Do you agree with his recommendation?

11 A. No. First Mr. Maas assumes that the MMG companies deliver traffic to AT&T
12 Wireless in amounts similar to those delivered by AT&T Wireless to the MMG
13 companies. This assumption is erroneous because the MMG companies (and the
14 STCG companies as well) deliver virtually no traffic to AT&T wireless. Second,
15 Mr. Maas suggests that bill and keep should be used because the volumes are
16 "deminimis" and essentially not worth the trouble. While volumes of 5,000
17 minutes per month may not be of importance to Mr. Maas and his nationally
18 based company, they are important and significant to the MMG and STCG
19 companies and the issue needs to be pursued.

20
21 Q. Do you agree with AT&T witness Kohly's statements that CLEC traffic cannot be
22 billed because there is not a standard for the exchange of records and that billing
23 should not be commenced until such standards are developed?

1 A. No, I do not. First, SWBT has testified in the PTC case that the CLECs were,
2 under the SWBT interconnection contracts, acting as PTCs in Missouri.
3 Consequently, CLECs would not have any compensation obligations to
4 Secondary Carriers (SCs) until termination of the PTC plan. The Commission's
5 order in the PTC case established Category 11 records as the standard to be
6 exchanged beginning on April 1, 2000. Discussion within the industry has led to
7 general agreement for the PTCs to provide paper reports until that time. CLECs
8 have the same responsibility as other PTCs to provide appropriate records. Even
9 if records are not exchanged, much, perhaps most, of CLEC terminating
10 intraLATA traffic could be identified by the originating number in the SS7 record
11 that is delivered to the terminating company. There is the possibility of ILECs
12 being able to bill CLECs for terminating traffic and such should be implemented
13 immediately in those cases where appropriate tariffs apply.

14
15 Q. Mr. Kohly seems to imply that CLEC access rates are subject to question at this
16 point in time and can not be billed until Case No. TO-99-483 is resolved. Do you
17 agree with this assessment?

18 A. No. While this case does deal with CLEC access rates, it does not negate the
19 current CLEC access tariffs that have been approved by the Commission. The
20 case is primarily dealing with future establishment of CLEC access rates.

1 Q. AT&T witness Kohly implies that Mid-Missouri cellular may be terminating
2 traffic to CLEC customers, presumably in the Kansas City area, without paying
3 terminating compensation. Is this correct?

4 A. No. One of my clients is an owner of Mid-Missouri Cellular and is familiar with
5 their operations. Mid-Missouri cellular delivers all its toll traffic through the
6 facilities of an interexchange carrier and is therefore not responsible for
7 terminating compensation on this traffic.

8
9 Q. Sprint PCS witness Mr. Propst states that "The FCC rules provide that the local
10 calling scope of a CMRS provider, for purposes of reciprocal compensation, is the
11 entire Metropolitan Trading Area." Could you comment on this assertion?

12 A. Yes. Mr. Propst's statement is a paraphrase and restatement of an FCC definition
13 which in technical terms goes beyond what the FCC said. Specifically the FCC's
14 statement is:

15 (b) *Local telecommunications traffic.* For purposes of this subpart,
16 local telecommunications traffic means:

17
18 (1) Telecommunications traffic between a LEC and a telecommunications
19 carrier other than a CMRS provider that originates and terminates within a local
20 service area established by the state commission; or

21
22 (2) Telecommunications traffic between a LEC and a CMRS provider that, at
23 the beginning of the call, originates and terminates within the same Major Trading
24 Area, as defined in § 24.202(a) of this chapter.

25
26 In examining this definition closely, one finds that it does not define the wireless
27 carrier's local calling scope as the MTA, rather, it defines calls between LECs and
28 CMRS providers within the MTA as local calls. If the call is between a CMRS

1 provider and an IXC, there is no stated definition of the call. Furthermore, the
2 definition specifically describes a call "between a LEC and a CMRS provider". It
3 does not define calls between a CMRS provider and multiple LECs or a call from
4 a CMRS provider through a LEC or some other carrier to another LEC. While
5 some may make inferences regarding these situations, the FCC's rules and orders
6 leave real doubt regarding the definition in such circumstances.

7
8 Q. SWBT witness Ms. Hollingsworth, on page 10 of her testimony states the MPSC
9 has reaffirmed the "standard industry practice under which the originating carrier
10 is responsible for compensating all other carriers for the use of their facilities in
11 carrying and terminating its customers' calls, not the tandem company." Is Ms.
12 Hollingsworth's statement correct, in your opinion?

13 A. I have several problems with Ms. Hollingsworth's statement. First, the standard
14 industry practice in a competitive environment using FGD service is that the
15 carrier terminating the call to the LEC network is responsible for payment of
16 compensation, not the party who originated the call. In many cases, different
17 IXCs may pay LECs for the origination and termination of an individual call
18 because of the standard industry business practices used in that environment.
19 These are business practices which SWBT apparently does not want to
20 acknowledge. Second, the business practices alluded to by Ms. Hollingsworth are
21 apparently SWBT's standard practice, forced upon other parts of the industry by
22 their commanding position in the network as the primary tandem operator, but
23 they are not necessarily agreed to by other parts of the industry as appropriate.

1 Third, while they are apparently now SWBT's "standard" position, up until
2 February, 1998, they were not SWBT's standard for dealing with the wireless
3 industry in Missouri. Prior to that date when they were allowed to change their
4 wireless tariff and initiate this type of business arrangement SWBT's "standard"
5 as expressed in its tariff was to provide for termination throughout the LATA
6 including the use of other LEC facilities. Fourth, although the Commission's
7 order in the PTC case did allow the PTCs to continue to take responsibility for
8 originating traffic for the time being, the Commission also established a separate
9 docket to explore further the issues related to the operation of the LEC to LEC
10 network and the development of billing information. The business arrangements
11 adopted for the time being will undoubtedly be further examined in that docket.

12
13 Q. Does this conclude your testimony?

14 A. Yes, it does.

Small Telephone Company Group (STCG)

1. BPS Telephone Company
2. Cass County Telephone Company
3. Citizens Telephone Co. of Higginsville, Missouri
4. Craw-Kan Telephone Cooperative, Inc.
5. Ellington Telephone Company
6. Farber Telephone Company
7. Fidelity Telephone Company*
8. Goodman Telephone Company, Inc.
9. Granby Telephone Company
10. Grand River Mutual Telephone Corp.
11. Green Hills Telephone Corp.
12. Holway Telephone Company
13. IAMO Telephone Company
14. Kingdom Telephone Company
15. KLM Telephone Company
16. Lathrop Telephone Company
17. Le-Ru Telephone Company
18. Mark Twain Rural Telephone Company
19. McDonald County Telephone Company
20. Miller Telephone Company
21. New Florence Telephone Company, Inc.
22. Oregon Farmers Mutual Telephone Company
23. Ozark Telephone Company
24. Rock Port Telephone Company
25. Seneca Telephone Company
26. Steelville Telephone Exchange, Inc.

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March 3, 1999

Mr. Charles W. McKee
Sprint PCS
4900 Main, 12th Floor
Kansas City, MO 64112

Re: Compensation for indirect traffic exchange between Sprint Spectrum L.P.
and Independent Local Exchange Companies

Dear Charles:

In preparation for another proceeding before the Missouri Public Service Commission, I came across a copy of a Southwestern Bell Telephone Company cover letter accompanying its June 15, 1997 tariff filing which proposed changes to its wireless interconnection services tariff. This is the tariff filing in which Southwestern Bell Telephone Company proposed (which the Commission later approved) to redefine its role as a "transiting carrier" when SWBT carries calls from wireless companies that are destined for termination in the exchanges of third party local exchange companies (LECs). Of particular significance and relevance to our dispute over the payment of reciprocal compensation for interexchange calls originating in third party LECs' exchanges which ultimately terminate on the network of wireless carriers is the following quote from page 2 of SWBT's cover letter:

"SWBT will pay the CMRS providers for traffic that is originated on SWBT's network, by SWBT end-users and terminate on the CMRS providers network. In the following limited circumstance, SWBT will also pay the CMRS providers for traffic that originates at third party locations:

Toll traffic originated by a secondary carrier for which SWBT is the primary carrier." (emphasis added)

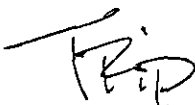
As you can see from this quote, SWBT has agreed to pay CMRS providers compensation for calls terminated to their networks that originate in the exchanges served by LECs who are also Secondary Carriers to SWBT pursuant to the Primary Toll Carrier Plan.

March 3, 1999

Page 2

As you know, we have maintained all along that Sprint PCS (and other wireless carriers) should be receiving compensation for interexchange calls originating in our exchanges, transiting SWBT's toll networks, and terminating on the network of the CMRS providers. If Sprint is not receiving such compensation, I suggest you contact SWBT and specifically inquire why you are not receiving terminating compensation for these calls in light of SWBT's written representations to the contrary. I would be interested in knowing what you find out.

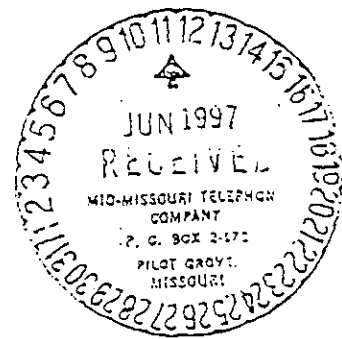
Sincerely,

A handwritten signature in black ink, appearing to read "W.R. England, III". The signature is stylized with a large, sweeping "W" and a distinct "R".

W.R. England, III

WRE/da

"The One to Call On"



June 6, 1997

L. Roberts
Manager
Public Relations

Mr. Dave Jones
Exec. Vice President
Mid-Missouri Telephone
215 Roe Street
Box 38
Pilot Grove MO 65276

Dear Dave:

We are writing to advise you of an amendment to our Wireless Carrier Interconnection Services tariff PSC Mo. No. 40. This is the tariff under which Southwestern Bell Telephone (SWBT) provides interconnection to Commercial Mobile Radio Service (CMRS) providers. SWBT filed the attached tariff revision with the Missouri PSC yesterday. This revision changes the service we are providing and the billing SWBT will render to CMRS providers for interconnection under our tariff.

We would also like to explain our view of the impact of the Federal Telecommunications Act (FTA) of 1996 on Wireless interconnection and how it changes in the way SWBT should bill CMRS providers for wireless interconnection.

Currently, SWBT offers Wireless Interconnection to CMRS providers under state-specific tariffs that are on file in each of our five states. These tariffs are a result of past negotiations between SWBT and the Wireless industry, as was required by the FCC, and are the basis for the bills rendered by SWBT to the CMRS providers. SWBT, on a monthly basis, bills the CMRS providers for terminating all mobile to landline traffic. This mobile to landline usage is referred to as "terminating" cellular interconnection and under SWBT's tariff, is provided on a LATA wide basis.

The FTA of 1996 entitles CMRS providers to receive reciprocal compensation for the transport and termination of calls originating on SWBT's network and terminating on a CMRS provider's network. The FCC rules state that once a CMRS provider has requested negotiations from an interconnecting LEC, the CMRS provider can bill the LEC for terminating local exchange traffic on the CMRS provider's network. The CMRS provider is entitled to bill the LEC at the same rate level(s) the LEC charges the CMRS provider for terminating traffic that originates on the wireless network.

N. Tucker Boulevard
Pilot Grove, Missouri 63101

Phone 314 247-5044

The CMRS billing of a LEC is not dependent on the approval of a new agreement, but becomes effective upon the request for re-negotiation. Also, the CMRS providers are not required to request negotiation of a new agreement. They may choose to continue to purchase interconnection from SWBT's existing tariffs. However, since reciprocal compensation payments to CMRS providers are not covered under our tariff, it is reasonable to assume that the majority of the wireless community will request negotiations under the FTA. In fact, SWBT has already received requests for negotiations from several CMRS providers and concluded some agreements.

CMRS providers that do request re-negotiation, and therefore compensation from SWBT, are responsible for rendering a bill with sufficient detail for verification before SWBT will make payment. SWBT will pay the CMRS providers for traffic that is originated on SWBT's network, by SWBT end users and that terminates on the CMRS providers network. In the following limited circumstance SWBT will also pay the CMRS providers for traffic that originates at third party locations:

Toll traffic originated by a Secondary Carrier for which SWBT is the Primary Carrier.

Compensation for all other traffic originated at third party locations, transiting SWBT's facilities for termination on a wireless carrier's network, is not SWBT's responsibility. SWBT is informing the CMRS providers that compensation agreements will have to be directly negotiated by the wireless community and all other telecommunication carriers with whom they wish to interchange traffic. Those "other" carriers can include the ILECs, LSPs and CMRS providers.

The FTA of 1996 also established a new local calling scope configuration for the CMRS providers. All CMRS landline traffic will be deemed "Local" if it originates and terminates within the same Major Trading Areas (MTA). MTAs can encompass multiple LATAs, and in some cases include more than one state. Despite the new local MTA scope, until we are granted interLATA relief, SWBT will continue to require CMRS providers to interconnect with us on a LATA basis. However, because of this MTA expansion of the CMRS local calling scope, negotiated interconnection agreements will not apply the "inside" & "outside" rate structure currently contained in SWBT's wireless tariffs. We will instead, on intra-MTA cellular traffic that is passed to SWBT by a CMRS provider for termination to a SWBT end user, apply only the transport and termination rates that result from the negotiations between the CMRS providers and SWBT.

SWBT intends to treat the CMRS providers that request interconnection under the FTA as much like a Local Service Provider (LSP) as possible. This means that when SWBT is providing interconnection on the basis of a negotiated cellular interconnection agreement, we will bill the CMRS provider the appropriate, negotiated termination and transport charges.

When that same CMRS provider passes us traffic for termination to a third party's end user, SWBT will only bill the CMRS provider a transiting charge. The amendments we have made to our Wireless Carrier Interconnection Services tariff are consistent with this approach.

The interconnection agreements SWBT is negotiating with the wireless industry and our amended tariff include language that requires the CMRS provider to enter into compensation arrangements with all third parties prior to passing traffic over SWBT's facilities that is destined for those third parties. Under this methodology, SWBT will not bill the CMRS provider for any portion of a call transiting any third parties network and will not enter agreements calling for revenue sharing with that third party. The rendering of charges for transport and/or termination on the third party network will be the responsibility of the third party and based on the negotiated arrangement with the CMRS provider. Similarly, when a call originates on a third party's network, transits SWBT facilities and is passed to a CMRS provider for termination, SWBT will only bill the third party a transiting charge. We realize that we need to discuss this arrangement further with you and would like to reach agreement on acceptable transit rates. Charges for termination, by third parties, on the CMRS provider's network will be directly assessed against the originating third party by the CMRS provider.

It is anticipated that SWBT will, for some period of time, provide cellular interconnection under our existing tariffs as well as negotiated interconnection agreements.

Any questions can be directed to me at 314-247-5044.

Sincerely,

Joyce L Dunlap