

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
DIANA C. FARR
JANET E. WHEELER

OF COUNSEL
RICHARD T. CIOTTONE

September 10, 2003

FILED⁴

SEP 10 2003

Missouri Public
Service Commission

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

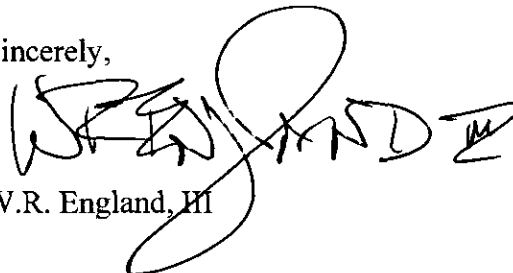
Re: Case No. TC-2002-1077

Dear Mr. Roberts:

Enclosed for filing, please find an original and eight copies of the direct testimony of Robert C. Schoonmaker on behalf of the Small Telephone Company Group.

Please see that this filing is brought to the attention of the appropriate Commission personnel. Copies of the attached are being provided to parties of record. 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
Enclosure
cc: Parties of Record

Exhibit No.: _____
Issue: InterMTA Factors
Witness: Robert C. Schoonmaker
Type of Exhibit: Direct Testimony
Sponsoring Party: Complainants
Case No.: TC-2002-1077
Date: September 10, 2003

FILED⁴
SEP 10 2003
Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

DIRECT TESTIMONY
OF
ROBERT C. SCHOONMAKER

September 10, 2003

DIRECT TESTIMONY OF ROBERT C. SCHOONMAKER

Q. Please state your name and address.

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

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

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

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

A. I obtained my Masters of Accountancy degree from Brigham Young University in 1973 and joined GTE Corporation in June of that year. After serving in several positions in the revenue and accounting areas of GTE Service Corporation and General Telephone Company of Illinois, I was appointed Director of Revenue and Earnings of General Telephone Company of Illinois in May, 1977 and continued in that position until March, 1981. In September, 1980, I also assumed the same responsibilities for General Telephone Company of Wisconsin. In March, 1981, I was appointed Director of General Telephone Company of Michigan and in August, 1981 was elected Controller of that company and General Telephone Company of Indiana, Inc. In May, 1982, I was elected Vice President-Revenue Requirements of General Telephone Company of the Midwest. In July, 1984, I assumed the position of Regional Manager of GVNW Inc./Management (the 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. In summary, I have had over 25 years of experience in the
5 telecommunications industry working with incumbent local exchange carrier
6 companies.

7
8 Q. What are your responsibilities in your present position?

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

15
16 Q. Have you previously testified in regulatory proceedings?

17 A. Yes, I have submitted testimony and/or testified on regulatory policy, local
18 competition, rate design, accounting, compensation, tariff, rate of return,
19 interconnection agreements, and separations related issues before the Illinois
20 Commerce Commission, the Public Service Commission of Wisconsin, the
21 Michigan Public Service Commission, the Iowa Utilities Board, the Tennessee
22 Public Service Commission, the New Mexico Public Regulation Commission, the
23 Public Utilities Commission of the state of South Dakota and the Missouri Public

1 Service Commission. In addition, I have filed written comments on behalf of our
2 firm on a number of issues with the Federal Communications Commission and
3 have testified before the Federal-State Joint Board in CC Docket #96-45 on
4 Universal Service issues.

5
6 Q. Who are you representing in this proceeding?

7 A. I am representing the small Missouri companies that are complainants in this case
8 and listed on Schedule RCS-1. I refer to these companies as the Complainants.

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

11 A. I have been requested to testify regarding the derivation and support for the
12 interMTA factors that the Complainants and T-Mobile (formerly known as
13 Voicestream) have agreed on. These factors would be used to identify the portion
14 of the total traffic terminating from T-Mobile to the Complainants that would be
15 identified as interMTA traffic and billed under the Complainants' access tariffs
16 (as opposed to intraMTA traffic which would be billed under their Wireless
17 Terminating Tariffs).

18
19 Q. Could you briefly describe an "MTA" and the distinctions between intraMTA and
20 interMTA traffic?

21 A. Yes. MTA is an acronym for Major Trading Area. These areas are areas defined
22 by Rand McNally Corporation as large commercial trading areas and were
23 adopted and used by the FCC in Part 24.202(a) of its rules to define the largest

1 license areas for providers of Commercial Mobile Radio Service (CMRS).
2 Schedule RCS-2 is a map of Missouri that shows the MTA boundaries within the
3 state. As can be seen from the schedule, Missouri is primarily divided into two
4 MTA's from north to south with the MTA boundary moving toward the west as it
5 descends through the state. These MTA's also extend into other states with the
6 St. Louis MTA to the east extending out into Illinois and the Kansas City MTA to
7 the west extending well out into Kansas and down into one county in northern
8 Oklahoma. In the far southeastern corner of Missouri, Pemiscot County is
9 separate from these two MTA's and is included in the Memphis MTA while in the
10 northeastern corner of the state, Clark County is included in the Des Moines
11 MTA.

12
13 In developing rules for traffic subject to reciprocal compensation, the FCC, in Part
14 51.701(a)(2) of its rules, used these MTA boundaries as the defining line of
15 Telecommunications Traffic between LECs and CMRS providers. Traffic
16 between LECs and CMRS providers that originates and terminates within the
17 same MTA is intraMTA and is subject to reciprocal compensation rules. Traffic
18 between LECs and CMRS providers that cross the MTA boundaries, is interMTA
19 traffic, and is subject to access rules and tariffs.

20
21 Q. Can you briefly describe Local Access Transport Areas (LATAs) and their
22 relevance to the issues in this case?

1 A. Yes. LATAs were initially defined and designated in the AT&T Consent Decree
2 of 1982 and came into existence in January, 1984. These boundaries defined
3 areas within which the Regional Bell Operating Companies (RBOCs) such as
4 Southwestern Bell Telephone Company (SWBT) could transport and deliver
5 telecommunications traffic. RBOCs were prohibited by the decree (and
6 subsequently by the Telecommunications Act of 1996 ("the Act") from carrying
7 traffic across these LATA boundaries. These restrictions have a significant
8 impact on the design of switching and transport networks for both SWBT and for
9 the CMRS providers. Schedule RCS-2 also depicts the LATA boundaries in
10 Missouri. There are basically four LATAs in Missouri, i.e. St. Louis, Kansas
11 City, Springfield, and Westphalia (also known as the Columbia-Jefferson City
12 market area). As can be seen from the map, there is not a close correlation
13 between the LATA boundaries and the MTA boundaries. The St. Louis MTA, for
14 example, encompasses most of the St. Louis LATA, the Westphalia LATA, a
15 large part of the Springfield LATA, and small portions of the Kansas City LATA.
16 It excludes Pemiscot and Clark counties that are part of the St. Louis LATA.

17
18 LATA's are relevant to the interMTA issue in this case because they are the
19 primary dividing line that defines how traffic between CMRS providers and the
20 Complainants is delivered. In general, CMRS providers interconnect with the
21 LEC network through the SWBT tandem switch locations in each LATA. SWBT
22 delivers such traffic to all exchanges and companies within the LATA. While

1 much of the CMRS traffic is intraMTA traffic, in some cases the traffic may be
2 interMTA traffic even though it is originated and terminated within the LATA.

3
4 Q. Can you give examples of such traffic?

5 A. Yes. Traffic from cities within the St. Louis LATA such as St. Louis, Sikeston,
6 Cage Girardeau and Poplar Bluff to the BPS exchange of Steele is intraLATA
7 traffic. Calls from CMRS providers in these cities are generally interconnected
8 with SWBT at the St. Louis tandem switch and switched through the LEC
9 network to the Steele exchange. However, Steele is located in Pemiscot County
10 that is in the Memphis MTA. Traffic from these locations to Steele is considered
11 interMTA traffic and is subject to access compensation.

12
13 A second example comes to mind from the northeastern part of the state. Traffic
14 from Kansas City, Trenton, and Chillicothe to the Mark Twain exchanges of
15 Hurdland, Brashaer, and others is intraLATA traffic, as it is within the Kansas
16 City LATA, but is interMTA traffic since these cities are in the Kansas City MTA
17 while the Mark Twain exchanges are in the St. Louis MTA.

18
19 Q. What records are used by the Complainants to bill T-Mobile?

20 A. The companies are using Cellular Terminating Usage Summary Reports
21 (CTUSRs) developed and provided by SWBT. These reports are based on
22 records created by SWBT at its respective tandem switches as traffic is delivered
23 to it by CMRS providers. The CTUSRs show a monthly total of traffic from each

1 CMRS provider to each exchange of the Complainants. Because these records are
2 summary reports and not industry-standard, individual call detail records, there is
3 no information in these reports to identify whether they are between interMTA or
4 intraMTA calls.

5
6 Q. Why is that?

7 A. When SWBT receives the call from a CMRS provider, SWBT can identify the
8 LATA where the call was delivered based on the location of the interconnection,
9 but it cannot identify the location where the wireless call originates. There is
10 nothing in the network information that is passed to SWBT along the network that
11 definitely identifies the LATA or MTA where the call originated. If SS7
12 signaling is used in delivering the call, the originating telephone number is passed
13 along the network. With a wireline originated call, this number can be used to
14 determine the location of the originating call. However, with wireless originated
15 calls, since the wireless handsets are portable, the originating number may not
16 give a correct indication of the actual physical location of the call. For example,
17 if I make a call on my cell phone with a Colorado Springs number in St. Louis
18 and call Auxvasse, Missouri, use of the originating telephone number would
19 indicate the call is an interMTA call when in reality it is an intraMTA call.

20
21 Q. How can you have any confidence then that these calls are not interMTA calls?

22 A. From the call information itself there is no way to tell. However, in discussions
23 with CMRS providers (including T-Mobile) regarding their internal switching and

1 transport networks, CMRS providers have indicated that within their own systems
2 they identify interLATA calls and switch them to interexchange carriers (IXCs) to
3 carry and deliver rather than carry them across LATA boundaries on their own
4 networks. (I would note that such calls carried by IXCs are subject to access
5 charges regardless of whether they are intraMTA or not.) As long as CMRS
6 providers operate their networks in this fashion we have reasonable assurance,
7 though not certainty, that the calls being delivered through SWBT are intraLATA
8 calls.

9
10 Q. With that much background information, let's turn to the specifics of the
11 interMTA factors that you have negotiated with T-Mobile. Do you have an
12 exhibit showing these factors?

13 A. I do. Schedule RCS-3 shows the interMTA factors that the Complainants have
14 negotiated with T-Mobile and which they propose would be used to identify the
15 portion of total traffic terminating to them that would be identified and billed as
16 interMTA traffic under the companies' access tariffs. The data on this Schedule
17 regarding T-Mobile was previously submitted to the Commission by the
18 Complainants and T-Mobile in a non-unanimous stipulation. The Schedule also
19 shows the corresponding factors that these companies have negotiated with Sprint
20 PCS and Verizon (if applicable) and which have been filed with and approved by
21 the Commission in individual Traffic Termination Agreements with those
22 companies.

1 Q. I note that for many of the Complainants the interMTA factor is zero. Can you
2 explain why the Complainants have agreed to zero interMTA factor?

3 A. Yes. In discussions with T-Mobile in regard to this case and to ongoing
4 interconnection agreement negotiations, T-Mobile has represented to us that the
5 traffic that they deliver to SWBT is intraLATA traffic and that interLATA traffic
6 is delivered by their network to IXCs to carry across LATA boundaries. The
7 companies with a zero interMTA factor have accepted those representations as
8 reasonable. These companies generally have all of their exchanges located within
9 both the same LATA and MTA as the SWBT tandem switch and therefore agreed
10 to use an interMTA traffic of zero for billing purposes.

11
12 Q. Some of the companies have interMTA factors other than zero. Let's discuss
13 those individually. Can you discuss why BPS has a proposed interMTA factor
14 higher than zero?

15 A. Yes. BPS has three exchanges in its operating area, Bernie, Parma, and Steele.
16 Bernie and Parma are contiguous to each other and are located in Stoddard and
17 New Madrid counties respectively which are within the St. Louis LATA and
18 MTA. The Steele exchange is located some distance further south in Pemiscot
19 county that, while in the St. Louis LATA, is in the Memphis MTA. BPS has
20 identified that 52% of the BPS access lines are located in the Steele exchange.
21 Recognizing that virtually all of the traffic terminating from T-Mobile from
22 within the St. Louis LATA to Steele would be interMTA, T-Mobile and BPS have

1 agreed to use the 52% access line ratio as a reasonable surrogate for the BPS
2 interMTA traffic billing percent.

3
4 Q. Let's discuss Craw-Kan Telephone Company next. Can you describe the
5 rationale leading to the determination of a 53% interMTA factor for Craw-Kan?

6 A. Yes. Craw-Kan provides service in six different exchanges in Missouri along
7 with a number of exchanges in Kansas. In Missouri, the Asbury and Purcell
8 exchanges are located near Joplin and are in the Springfield LATA but the Kansas
9 City MTA. Craw-Kan's other four exchanges, Amoret, Amsterdam, Foster, and
10 Hume are located further north along the Missouri/Kansas border and are in both
11 the Kansas City LATA and MTA. Approximately 53% of Craw-Kan's access
12 lines are located in Asbury and Purcell, in the Springfield LATA. Springfield is
13 the primary population center of the Springfield LATA, which is located in the St.
14 Louis MTA, and there is relatively little T-Mobile traffic terminating to Craw-
15 Kan. Therefore, Craw-Kan and T-Mobile agreed to use the same 53% interMTA
16 factor that was agreed upon between Craw-Kan and Verizon Wireless.

17
18 Q. Grand River Mutual Telephone Company shows a 6% interMTA factor. What
19 are the circumstances that led to agreement on this factor?

20 A. Grand River serves over thirty exchanges in the northwestern part of Missouri
21 most of which are in the Kansas City MTA as well as the Kansas City LATA.
22 However, two of their exchanges, Powersville and Lucerne, are located in Putnam
23 County that is in the St. Louis MTA. These two exchanges include approximately

1 6% of Grand River's access lines. T-Mobile traffic terminated to these exchanges
2 from the Kansas City tandem would most likely be interMTA traffic.
3 Consequently, Grand River and T-Mobile agreed on a 6% factor as a reasonable
4 surrogate for the interMTA traffic.

5
6 Q. Let's turn now to the two Fidelity Companies (Fidelity Telephone Company and
7 Fidelity Communications Services I, Inc. (FCSI)). Can you explain how a 5%
8 interMTA factor was arrived at?

9 A. Yes. Fidelity conducted a six-month study of traffic terminating to the company
10 between December, 2002 and May, 2003 and identified all traffic originated from
11 NPA-NXX codes assigned to T-Mobile. This traffic was then summarized with
12 NPA-NXX codes within the MTA separated from those from outside the MTA.
13 The study indicated that 15% of the traffic terminating to Fidelity from T-Mobile
14 was identified with NPA-NXX codes outside the St. Louis MTA. Recognizing
15 that some of this traffic may have been originated by T-Mobile customers
16 roaming in the St. Louis MTA and that under its Terminating Wireless Tariff
17 Fidelity had been billing 5% of the total traffic as interMTA traffic, Fidelity and
18 T-Mobile agreed to use 5% as its interMTA factor.

19
20 Q. Finally, can you describe the circumstances of Mark Twain Telephone Company
21 and the 53% factor that Mark Twain and T-Mobile agreed to?

22 A. Yes. Mark Twain serves 14 exchanges, 11 in the Kansas City LATA and 3 in the
23 St. Louis LATA. Of these exchanges 12 are in the St. Louis MTA while two,

1 Williamstown and Wyaconda, are located partially in the St. Louis MTA and
2 partially in the Des Moines MTA. To attempt to identify the amount of interMTA
3 traffic that it receives from T-Mobile, Mark Twain had a one-month traffic study
4 performed based on terminating traffic recorded by the Company. In this study,
5 traffic was accumulated for each of the Mark Twain exchanges based on the
6 NPA-NXXs assigned to T-Mobile in the St. Louis and Kansas City MTA's
7 respectively. Traffic terminating from the NPA-NXXs assigned to T-Mobile in
8 the St. Louis MTA was assumed to be intraMTA while traffic terminating from
9 the NPA-NXXs assigned to T-Mobile in the Kansas City MTA was assumed to be
10 interMTA. Using this study method, Mark Twain estimated that 70% of the
11 terminating traffic from T-Mobile was interMTA traffic. In negotiations with T-
12 Mobile, the two parties settled on a 53% interMTA factor, the highest factor that
13 T-Mobile had agreed to with another company in Missouri.

14
15 Q. In reviewing the interMTA factors submitted by the Complainants and T-Mobile
16 to the Commission as contained in Schedule RCS-3, do you have any opinion as
17 to whether these factors tend to understate or overstate interMTA traffic?

18 A. As I look at the factors of all the companies, I would think that, if anything, the
19 factors understate the amount of interMTA traffic. For those companies with a
20 zero interMTA factor, the only possibility is that the interMTA traffic is
21 understated, not overstated. For the Fidelity Companies and Mark Twain,
22 negotiations have led to factors less than that identified by studies of the nature of
23 the traffic, which suggests that those factors understate interMTA traffic as well.

1

2 Q. What is your recommendation to the Commission regarding the interMTA factors
3 that have been submitted?

4 A. I would recommend that the factors be approved by the Commission as
5 appropriate in determining a settlement of the issues in these complaint cases.
6 The factors have been negotiated between the two most directly involved parties,
7 the Complainants and T-Mobile, and are similar to factors that the Commission
8 has previously approved in Terminating Traffic Agreements between the
9 Complainants and other CMRS providers. They are reasonably supported by an
10 examination of the relevant LATA and MTA boundaries, network transport and
11 switching designs, and traffic data that has been developed.

12

13 Q. Does this conclude your direct testimony on this matter?

14 A. Yes, it does.

15

List of Complainants

1. BPS Telephone Company
2. Cass County Telephone Company
3. Citizens Telephone Company of Higginsville, Missouri
4. Craw-Kan Telephone Cooperative, Inc.
5. Fidelity Communications Services I, Inc.
6. Fidelity Telephone Company,
7. Grand River Mutual Telephone Corporation,
8. Green Hills Telephone Corporation,
9. Holway Telephone Company,
10. IAMO Telephone Company,
11. Kingdom Telephone Company
12. K.L.M. Telephone Company
13. Lathrop Telephone Company
14. Mark Twain Rural Telephone Company

MISSOURI

Incumbent Local Exchange Carriers

1. ALTEL Communications, Inc.
2. Atria Telephone Co.
3. BPS Telephone Co.
4. Cass County Telephone Co.
5. CenturyTel, Inc. (Indicates Spectra Communications Group, LLC d/b/a CenturyTel Exchange)
6. Chariton Valley Telephone Co.
7. Dixie Telephone Co.
8. Citizens Telephone Co.
9. Clay-Knox Telephone Co.
10. Engle Telephone Co.
11. Fenton Telephone Co.
12. Fidelity Telephone Co.
13. Gower Telephone Co.
14. Grady Telephone Co.
15. Grand River Mutual Tel. Corp.
16. Green Hills Telephone Corp.
17. Helder Telephone Co.
18. Jaro Telephone Co.
19. KLM Telephone Co.
20. Kingston Telephone Co.
21. Linn Telephone Co.
22. Linn Telephone Co.
23. Mark "Team Rural" Telephone Co.
24. McDonald County Telephone Co.
25. Mid-Missouri Telephone Co.
26. Miller Telephone Co.
27. Monarch Tel. Inc.
28. New Florence Telephone Co.
29. New London Tel. Co./ITDS Telecom
30. Northwest Missouri Rural Telephone Co.
31. Oxford Farm Tel. Co./ITDS Telecom
32. Oregon Farmers Mutual Telephone Co.
33. Oyster Telephone Co.
34. Peace Valley Telephone Co.
35. Rock Port Telephone Co.
36. SBC Missouri
37. Service Telephone Co.
38. Sprint
39. Spinella Telephone Exchange, Inc.
40. Sullivan Telephone Co./ITDS Telecom
41. Fidelity Communications Services I

LATA Boundaries

NOTE: THIS MAP IS INTENDED TO PROVIDE A GENERAL PERSPECTIVE OF EXCHANGE, LATA, AND AREA CODE BOUNDARIES AND REPRESENTS A NEAR APPROXIMATION ONLY. IT IS NOT TO BE CONSIDERED A MAP SHOWING THE LEGAL BOUNDARIES BETWEEN ANY TWO EXCHANGES.

Schedule RCS-2

LATA

MTA BOUNDARY LINE

MTA BOUNDARY LINE

MTA BOUNDARY LINE

MTA
Missouri Telephone Association
312 East Capitol Avenue
Jefferson City, MO 64102
www.mta.org

© 2003
Technica, Inc.
Jefferson City, MO 64102
www.technica.com

InterMTA Factors

Company	Verizon Wireless	Sprint PCS	T-Mobile
BPS	52%	n/a	52%
Cass County	0%	0%	0%
Citizens	0%	0%	0%
Craw-Kan	53%	7%	53%
Fidelity	0%	0%	5%
FCS I	0%	0%	5%
Grand River	6%	0%	6%
Lathrop	0%	0%	0%
Green Hills	0%	0%	0%
Holway	n/a	n/a	0%
KLM	n/a	n/a	0%
Iamo	0%	0%	0%
Kingdom	0%	0%	0%
Mark Twain	n/a	n/a	53%