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October 24, 2003

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

FILED

OCT 24 2003

Re: Case No. TC-2002-1077

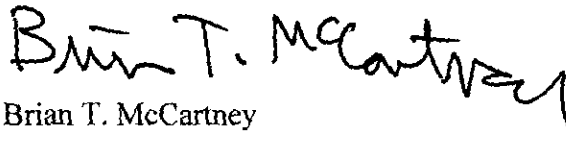
Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing please find an original and eight copies of the surrebuttal testimony of Robert C. Schoonmaker.

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, please direct them to me at the above number. I thank you in advance for your cooperation in this matter.

Sincerely,


Brian T. McCartney

BTM/da
Enclosures
cc: Parties of Record

Exhibit No.: _____
Issue: InterMTA Factors
Witness: Robert C. Schoonmaker
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Complainants
Case No.: TC-2002-1077
Date: October 24, 2003

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

OCT 24 2003

Missouri Public
Service Commission

BPS Telephone Company, Cass County Telephone
Company, Citizens Telephone Company of Higginsville,
Missouri, Craw-Kan Telephone Cooperative, Inc., Fidelity
Communications Services I, Inc., Fidelity Telephone
Company, Grand River Mutual Telephone Corporation,
Green Hills Telephone Corporation, Holway Telephone
Company, IAMO Telephone Company, Kingdom
Telephone Company, K.L.M. Telephone Company,
Lathrop Telephone Company, and Mark Twain Rural
Telephone Company,

Complainants,

Vs,

Voicestream Wireless Corporation, Western Wireless
Corp., and Southwestern Bell Telephone Company,

Case No. TC-2002-1077

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 President and CEO.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony with accompanying schedules.
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

Subscribed and sworn to before me this 24th day of October, 2003.



Notary Public

My Commission expires: 3/13/05

1 SURREBUTTAL TESTIMONY OF ROBERT C. SCHOONMAKER
2
3

4 Q. Please state your name and address.

5 A. My name is Robert C. Schoonmaker. My business address is 2270 La Montana
6 Way, Colorado Springs, Colorado 80918.
7

8 Q. Are you the same Robert C. Schoonmaker that previously filed direct testimony in
9 this phase of this proceeding?

10 A. Yes, I am.
11

12 Q. Has there been any change in your employment status since you filed your direct
13 testimony?

14 A. Yes. Effective October 1, 2003 I became President and CEO of GVNW
15 Consulting, Inc.
16

17 Q. Who are you representing in this proceeding?

18 A. I am appearing on behalf of the Complainants.
19

20 Q. What is the purpose of your surrebuttal testimony?

21 A. I will respond to the testimony of Mr. Alan G. Kern of Southwestern Bell
22 Telephone, LLC d/b/a as SBC Missouri (SWBT).
23

24 Q. Do you see anything ironic about the testimony presented by Mr. Kern?

1 A. Yes. The criticism made by Mr. Kern is somewhat ironic in view of positions that
2 SWBT has taken in earlier proceedings before this Commission that are related to
3 the subject of this complaint. In Case No. TT-97-524, the SWBT wireless tariff
4 case, where the concept of "transiting" traffic for wireless carriers was first
5 introduced, the tariff contained provisions which prohibited wireless carriers from
6 transiting traffic to ILECs until compensation arrangements had been entered into.
7 The tariff stated:

8 **Wireless carriers shall not send calls to SWBT that**
9 **terminate in an Other Telecommunications Carrier's network**
10 **unless the wireless carrier has entered into an agreement to**
11 **directly compensate that carrier for the termination of such**
12 **traffic.**
13
14

15 (SWBT's Wireless Interconnection Tariff, P.S.C. Mo. No. 40, 5th Revised Sheet
16 16.02)(emphasis added).
17

18 Interconnection agreements entered into with wireless carriers at that point in time
19 contained similar provisions. For example, the interconnection agreement
20 between SWBT and Ameritech Mobile Communications, Inc., approved by the
21 Commission in Case No. TO-97-523, contained the following language:

22 **The parties agree to enter into their own agreements with Third**
23 **Party Providers. Carrier agrees not to send traffic to SWBT for**
24 **termination on a Third Party Provider's network unless or**
25 **until the Carrier has a traffic interchange agreement with the**
26 **Third Party Provider.**
27
28

29
30 (emphasis added).
31

1 I believe that it was this type of provision that gave SWBT witness Kevin
2 Chapman the comfort to state in his testimony in Case No. TT-97-524
3 that:

4 I do not believe that it will be necessary for the ILECs to exercise their
5 remedies against the wireless carriers because they have agreed with SWBT
6 and have represented to the Commission that they will establish
7 compensation agreements with the ILECs.¹
8

9 While SWBT's agreements with T-Mobile and Western Wireless do not have
10 language that is nearly so limiting, the underlying complaint that T-Mobile and
11 Western Wireless are not paying for traffic that is being terminated to the
12 Complainants is related directly to the contracts that SWBT has executed. The T-
13 Mobile and Western Wireless interconnection contracts with SWBT specifically
14 provide that: "The Parties agree to enter into their own agreements with Third
15 Party Providers."² SWBT has consistently maintained with the Commission, and
16 has continued to maintain in recent cases, that this gives the Complainants
17 adequate protection from being uncompensated for terminating traffic. However,
18 T-Mobile and Western Wireless have violated this portion of their contracts with
19 SWBT. The STCG and MITG pointed out to the Commission in Case No. TT-
20 97-524 and in other proceedings that this was likely to be the case.

21

22 Q. Has SWBT represented to the Commission that the CTUSR records would
23 provide sufficient billing information?

¹ Surrebuttal testimony of Mr. Kevin Chapman of SWBT in Case No. TT-97-524, pp. 16-17.

² Interconnection Agreement between Southwestern Bell Telephone Company and Voice Stream Wireless Company approved by the Commission in Case No. TO-2001-489, Section 3.1.3, p. 10; Interconnection

1 A. Yes. In Case No. TT-97-524, SWBT stated that its CTUSR records would provide
2 adequate records for the small companies to bill wireless carriers for terminating
3 traffic. For example, in its Reply Brief, SWBT stated:

4 Even though there was no requirement to do so, Southwestern Bell
5 developed the CTUSR report to assist the ILECs in billing their services.
6 And it committed to provide hard copies of the report to the ILECs at no
7 charge for as long as they need or want them. The information in it is the
8 same information that Southwestern Bell will use to bill its transiting
9 charges to the wireless carriers. And as Staff found, the report is timely
10 and should provide the ILECs with sufficient information to render a
11 bill.³
12

13 In addition, the ILEC can file tariffs with the Commission which will
14 establish rates for completion of wireless calls which transit another LEC's
15 network. This rate would be billed by the ILECs to the wireless carriers
16 until such time as the wireless carriers seek to exercise their rights under
17 Sections 251 and 252 of the Act to negotiate appropriate interconnection
18 rates. In that case Southwestern Bell would continue to provide
19 sufficient information to assist ILECs in billing the Commission-
20 approved termination rate directly to the wireless carriers.⁴
21

22 SWBT now argues that those records are inadequate since they do not identify
23 interMTA traffic, and that the companies have provided insufficient evidence of
24 the interMTA factors that are proposed.
25

26 Q. Have T-Mobile and Western Wireless violated Complainants' tariffs?

27 A. Yes. Because the wireless carriers, in general, were not compensating small
28 companies for terminating wireless traffic, in violation of SWBT and wireless
29 carrier interconnection contracts, many of the small companies filed, and the

Agreement between Southwestern Bell Telephone Company and Western Wireless Company approved by the Commission in Case No. TO-98-12, Section 3.1.3.

³ Reply brief of Southwestern Bell Telephone Company, Case No. TT-97-524, pp. 12-13 (emphasis added).

1 Commission approved, wireless terminating tariffs to apply where interconnection
2 agreements have not been reached. T-Mobile's and Western Wireless's
3 continuing violation of Complainants' tariffs is the subject of this complaint
4 proceeding. This proceeding has been in process for 17 months, with the
5 conclusion some months still in the future.

6

7 Q. Does SWBT offer any ideas or information about how to improve the interMTA
8 factors for the traffic that SWBT delivers to the Complainants?

9 A. No, I find it ironic that Mr. Kern's testimony criticizes certain of the interMTA
10 factors, but offers no solution at all as to how those factors could be improved.

11

12 Q. SWBT witness Mr. Kern testifies that SWBT's concerns about the interMTA
13 factors at issue in this portion of this proceeding stem from the Complainants'
14 claim that SWBT should compensate the Complainants in the event that T-Mobile
15 and Western Wireless fail to do so. Would SWBT ultimately be financially
16 responsible for such claims should the Commission require SWBT to compensate
17 the Complainants?

18 A. No. Based on SWBT's interconnection contracts, I do not believe that they
19 would. Section 3.1.3 of the T-Mobile agreement specifically provides:

20 In the event that Carrier [T-Mobile] sends traffic through SWBT's network to
21 a Third Party Provider with whom Carrier does not have a traffic interchange
22 agreement, then Carrier agrees to indemnify SWBT for any termination
23 charges rendered by a Third Party for such traffic.⁵
24

⁴ Id., p. 10 (emphasis added).

1 SBWT's agreement with Western Wireless contains the same provision. These
2 provisions appears to give SWBT clear recourse to be indemnified by T-Mobile
3 and Western Wireless should the Commission order SWBT to pay the
4 Complainants. Thus, SWBT's concerns about the level of the interMTA factors
5 agreed to by T-Mobile and Complainants should be mitigated. Whatever claims
6 that SWBT would be required to pay that are impacted by the interMTA factors
7 would appear to be simply passed by SWBT to T-Mobile through the
8 indemnification provisions of the interconnection contract.

9
10 Q. Does SWBT, as represented by Mr. Kern's testimony, object to all of the
11 interMTA factors?

12 A. No. Of the factors proposed for the fourteen (14) Complainants, Mr. Kern
13 indicates that SWBT only objects to the factors for three (3) companies: BPS
14 Telephone Company (BPS), Craw-Kan Telephone Cooperative, Inc. (Craw-Kan),
15 and Mark Twain Rural Telephone Company (Mark Twain). SWBT does not
16 object to the bulk of the interMTA factors.

17
18 Q. Mr. Kern's primary objection to these factors seems to be that they are not
19 supported by what he deems to be appropriate traffic studies. What are the
20 difficulties of conducting such traffic studies?

21 A. Data is not available to the parties to identify the specific cell cite where the
22 mobile call is originated. For the Complainants that terminate the call, no such

⁵ Interconnection Agreement between Southwestern Bell Telephone Company and Voice Stream Wireless Company approved by the Commission in Case No. TO-2001-489.

1 information is passed across the network. Assuming that SS7 switching is used,
2 the Complainants only receive the NPA-NXX code of the originating mobile
3 subscriber's handset. The handset may or may not be located in the physical area
4 associated with that NPA-NXX code assignment when the call is made. SWBT
5 does not provide the Complainants any indication of the interMTA or intraMTA
6 nature of the traffic in their CTUSR reports. Attached as Schedule RCS-4 is the
7 response of SWBT to a data request issued by the Complainants requesting
8 information on the interMTA/intraMTA nature of calls transited for T-Mobile and
9 Western Wireless. SWBT indicates that they have no way to determine whether
10 the calls they transit are inter- or intra-MTA.

11
12 Finally, T-Mobile has indicated that they cannot readily make such information
13 available. While it is my understanding that at the time a wireless call is recorded
14 at the wireless company's switch that there is initially such information available,
15 apparently T-Mobile has not built systems to readily capture this information so
16 that such traffic studies can be conducted. The Complainants receive no call
17 record information of any type from T-Mobile.

18
19 Q. Mr. Kern is critical of the traffic study information presented by Mark Twain and
20 Fidelity because it cannot conclusively determine the originating cell site of the
21 mobile call. What is your response?

22 A. As Mr. Kern noted, I recognized that the studies conducted by Mark Twain and
23 Fidelity are based on the NPA-NXX of the mobile handset rather than the cell site

1 location, and thus the studies may not accurately reflect the precise percentage of
2 interMTA calls. Since such information is not available, the studies conducted by
3 Fidelity and Mark Twain do, however, present a picture of the magnitude that
4 such calls might take. When combined with information regarding call routing
5 and the location of the companies' exchanges in relationship to both the LATA
6 and MTA boundaries, they did provide assistance to the parties in negotiating
7 interMTA factors that both the Complainants and T-Mobile are willing to accept.
8 In both cases, the agreed upon factors are less than the study results because of
9 recognition that the NPA-NXX does not provide an indication of the cell site
10 where the call was originated.

11
12 Q. In Mr. Kern's discussion of the factors of the three companies, he focused
13 primarily on the MTA boundary. Why is the LATA boundary also an important
14 consideration in the development of the interMTA factor?

15 A. The LATA boundary is important because it circumscribes the area within which
16 SWBT can deliver traffic when they receive it from T-Mobile. It is important for
17 the Commission to recognize that the interMTA factor at issue in this case is not
18 relevant to all the traffic originated from T-Mobile customers to the
19 Complainants' customers, but only to that portion of the traffic that T-Mobile
20 delivers to SWBT for delivery to the Complainants. The factors are not relevant
21 to traffic that T-Mobile delivers to IXC's who in turn deliver it to the
22 Complainants.

1 While LATA boundaries are important to the design of SWBT's network, MTA
2 boundaries are often more important to the design of wireless carriers' switching
3 networks. Thus, wireless traffic terminating to a location within the LATA where
4 their switch is located will likely be routed to SWBT for termination even if the
5 call is an interMTA call. On the other hand if a wireless call originates in an
6 MTA to another location in the MTA, but its switch is located in a separate LATA
7 from the originating location, the wireless carrier may deliver the call to an IXC
8 for termination even though it is an intraMTA call.

9
10 Let me use two illustrations related to Mark Twain's Hurdland exchange.
11 Suppose that a T-Mobile subscriber located in Kansas City makes a call to a Mark
12 Twain subscriber in Hurdland. Hurdland is located in the Kansas City LATA, but
13 in the St. Louis MTA. Since it is in the same LATA as Kansas City, T-Mobile
14 will likely deliver that intraLATA (but interMTA) call to SWBT to deliver to
15 Hurdland. That call would be included in calls that should be accounted for in the
16 interMTA factor at issue in this proceeding.

17
18 Now for the second illustration. A T-Mobile customer located in Kirksville calls
19 a Mark Twain subscriber in Hurdland. Both Kirksville and Hurdland are located
20 in the Kansas City LATA, but both are in the St. Louis MTA. If T-Mobile's cell
21 site in Kirksville is homed on a switch in St. Louis, which is in the St. Louis
22 LATA, T-Mobile would deliver the call to an IXC in St. Louis to terminate the
23 call since SWBT could not carry the call from St. Louis to Hurdland, across the

1 LATA boundary. This call would not show up in SWBT's CTUSR report and
2 would not be subject to the interMTA/intraMTA calculation.

3
4 Q. Mr. Kern contrasts the circumstances of BPS and Grand River and the location of
5 their exchanges in comparison with Craw-Kan and suggests that the logic used in
6 the case of BPS and Grand River should result in a 0% interMTA factor for Craw-
7 Kan since all their exchanges are within the same MTA. What are your
8 comments in this regard?

9 A. Mr. Kern's discussion focuses on the location of the companies' exchanges only
10 in relationship to the MTA boundaries. It is true that in the case with BPS and
11 Grand River they each have exchanges within two separate MTAs, while all
12 Craw-Kan's exchanges are in the same MTA. However, Mr. Kern failed to note
13 that BPS and Grand River's exchanges are all in one LATA, whereas Craw-Kan's
14 Missouri exchanges are in two different LATAs. Further, Craw-Kan's southern
15 exchanges are relatively close to both the St. Louis MTA boundary and to the
16 very large regional commercial hub of Springfield where the SWBT LATA
17 tandem is located. Mr. Kern questions whether a study of the traffic terminating
18 to Craw-Kan was performed. Given the relatively small amount of traffic
19 terminating from T-Mobile to Craw-Kan, the difficulty of getting data specific to
20 cell sites, and the agreement of the parties on a factor satisfactory to both sides, no
21 traffic study was performed. As SWBT recognizes in its DR response included as
22 Schedule RCS-4, "...it is the general practice in the industry for the originating

1 wireless carrier and the terminating LEC to negotiate an interMTA factor in the
2 ICA.”

3

4 Q. On Page 9 of his testimony, Mr. Kern quotes a lengthy section from the FCC’s
5 First Report and Order regarding the determination of interMTA status and
6 emphasizes the sentence that discusses that the initial cell site shall be used to
7 determine the jurisdiction of the traffic. Are there other sections of this quote that
8 the Commission should take note of?

9 A. I believe there are other portions of that quote that should be noted. After
10 recognizing the difficulty in doing specific studies of such traffic, the FCC said:
11 “We conclude that parties may calculate overall compensation amounts by
12 extrapolating from traffic studies and samples.” What was done in the case of
13 Fidelity and Mark Twain to arrive at a negotiated factor was an extrapolation of
14 traffic studies. Furthermore, the paragraph concludes with the sentence, “As an
15 alternative, LECs and CMRS providers can use the point of interconnection
16 between the two carriers at the beginning of the call to determine the location of
17 the mobile caller or called party.” In the case of each of the carriers, I presume
18 that the SWBT tandem location where the wireless carrier typically meets the
19 LEC network could be used to determine the interMTA status. If such a
20 measuring point were used for Mark Twain, the interMTA factor would
21 undoubtedly be much higher than the factor negotiated between the parties.

22

1 Q. Can you summarize your recommendations as to what the Commission should do
2 in this case?

3 A. Yes. The Commission should approve the negotiated interMTA factors as
4 appropriate for use in resolving the complaints that have been filed. Second, the
5 Commission should order T-Mobile and Western Wireless to pay the
6 Complainants amounts that are due under the lawful tariffs filed by each of the
7 Complainants.

8

9 Q. Does this conclude your surrebuttal testimony?

10 A. Yes, it does.

11

12

- Q. FOR THE PERIOD OF TIME FROM FEBRUARY 19, 2001 TO THE PRESENT, HAVE YOU TRANSITED WIRELESS TRAFFIC ORIGINATED BY RESPONDENT WIRELESS CARRIERS' AND TERMINATED TO THE EXCHANGES SERVED BY COMPLAINANT?
- B. ALSO, PLEASE INDICATE HOW MUCH TRAFFIC WAS INTERMTA AND HOW MUCH WAS INTRAMTA.
- A. The CTUSR report does not identify interMTA vs. intraMTA traffic. Since the originating (mobile phone) party is not fixed, transiting carriers have no means to determine whether the call is interMTA or intraMTA. As a result, it is the general practice in the industry for the originating wireless carrier and the terminating LEC to negotiate an interMTA factor in the ICA.

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