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August 26, 2002

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

Re: Case No. TC-2002-1077
- **Direct Testimony of Brian Cornelius**
- **Citizens Telephone Company**

FILED²
AUG 26 2002
Missouri Public
Service Commission

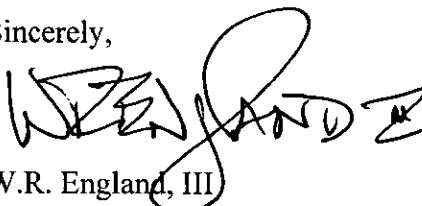
Dear Mr. Roberts:

Enclosed for filing please find an original and eight copies of the direct testimony of Brian Cornelius on behalf of Citizens Telephone Company.

Please note that Schedule No. 1 has been designated "highly confidential" because it contains information relating directly to specific customers and market specific information relating to services offered in competition with others. Accordingly, it is being provided in a separate envelope.

Please see that this filing is brought to the attention of the appropriate Commission personnel. If there are any questions regarding this filing, please give me a call. I thank you in advance for your attention to and cooperation in this matter.

Sincerely,



W.R. England, III

WRE/da
Enclosures
cc: Parties of Record

Exhibit No.:
Issue: Terminating Wireless Traffic
Witness: Brian L. Cornelius
Type of Exhibit: Direct Testimony
Sponsoring Party: Citizens Telephone Company
Case No.: TC-2002-1077
Date: August 26, 2002

FILED²

AUG 26 2002

CASE NO. TC-2002-1077

**Missouri Public
Service Commission**

DIRECT TESTIMONY

OF

BRIAN L. CORNELIUS

ON

BEHALF OF

CITIZENS TELEPHONE COMPANY

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

BPS Telephone Company, et al.,

Petitioners,

v.

VoiceStream Wireless Corporation, et al.,

Respondents.

Case No. TC-2002-1077

County of
State of

Lafayette
Missouri

AFFIDAVIT OF

Brian L. Cornelius

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

Brian L. Cornelius

Subscribed and sworn to before me this 16 day of August, 2002.

Pam L. Gillilan
Notary Public

My Commission expires:

June 12, 2004

PAM L. GILLILAN
Notary Public - State of Missouri
Lafayette County
My Commission Expires: June 12, 2004

DIRECT TESTIMONY

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Q. Please state your name and business address.

A. My name is Brian L. Cornelius. My business address is Citizens Telephone Company,
1905 Walnut Street, P.O. Box 737, Higginsville, Missouri 64037-0737.

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

A. I am employed by Citizens Telephone Company as President.

Q. Briefly describe the nature of your duties and responsibilities for Citizens Telephone
Company.

A. I am responsible for all aspects of operations related to Citizens Telephone Company.

Q. Are you authorized to testify on behalf of Citizens Telephone Company?

A. Yes.

Q. Please briefly describe your education and work background.

A. I graduated in 1980 from William Jewel College in Liberty, Missouri with a Bachelor of
Science degree in Business Administration and Accounting. I am a licensed Certified
Public Accountant in the State of Missouri. I began my career in January of 1981 as a
staff accountant for the CPA firm of Wade, Stables, Schanbacher and Walker in
Hannibal, Missouri. My duties there included working on the audits of regulated
telephone companies in Missouri.

In 1985, I joined Eastern Missouri Telephone Company as controller and
continued in that capacity until Eastern Missouri was purchased by Missouri Telephone
Company in Bolivar, Missouri. In 1987, I became Director of Revenue Requirements for
Missouri Telephone Company and continued in that capacity until joining Citizens

1 Telephone Company in March of 1991. I began my career with Citizens Telephone
2 Company serving as its controller, and was subsequently promoted to Vice President in
3 1993. I was promoted to my present position in 1995.

4 Throughout my telecommunications career, I have worked extensively on various
5 issues. I was a member of the Commission's Task Force on Expanded Calling, and was
6 also appointed by Governor Carnahan to the Commission on Informational Technology.
7 I am a member, and immediate past Chairman, of the Board of Directors of the Missouri
8 Telecommunications Industry Association.

9 Q. Please briefly describe Citizens Telephone Company and the nature of its business.

10 A. Citizens Telephone Company (hereinafter sometimes referred to as the "Company") is a
11 Missouri corporation with its principal office and place of business located at 1905
12 Walnut, Higginsville, Missouri 64037. A certificate of corporate good standing, issued
13 by the Missouri Secretary of State, is attached to the Complaint filed in Case No. TC-
14 2002-1077. Citizens Telephone Company provides telephone service to approximately
15 4,400 subscribers that are located within the Missouri exchange of Higginsville. The
16 Company operates pursuant to a certificate of public convenience and necessity issued by
17 the Commission in its Case No. TA-88-68. Of particular relevance to the instant
18 complaint, Citizens Telephone Company provides basic local telecommunications
19 services, exchange access services and wireless termination services pursuant to tariffs on
20 file with and approved by the Missouri Public Service Commission (Commission) within
21 its exchange.

22 Q. What is the purpose of your testimony?

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

6 Q. Are there any pending actions or final unsatisfied judgments or decisions issued against
7 your Company from any state or federal agency or Court within three years of the date of
8 the filing of the instant Complaint which involved customer service or rates?

9 A. No.

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

12 A. No.

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

15 A. It is my understanding that VoiceStream and Western are providers of commercial mobile
16 radio service (CMRS) (also known as wireless service) within the State of Missouri. It is
17 also my understanding that wireless customers of VoiceStream and Western originate
18 wireless calls which are ultimately terminated to wireline customers which are located in
19 the exchange which our Company serves.

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

21 A. It is my understanding that SWBT is a telecommunications company providing basic
22 local telecommunications services, basic interexchange telecommunications services and

1 exchange access services in various parts of the state of Missouri. In addition, SWBT
2 offers what it calls a "transit" service to CMRS providers, such as VoiceStream and
3 Western, which allow those CMRS providers to terminate wireless-originated traffic to
4 the exchange served by our Company without directly connecting to our Company's local
5 network. It is also my understanding that SWBT provides these transit services or
6 facilities pursuant to either its intrastate wireless interconnection tariff or an
7 interconnection agreement entered into between SWBT and CMRS providers such as
8 VoiceStream and Western.

9 Q. How does wireless-originated traffic terminate to your Company's exchange?

10 A. The wireless originated traffic is terminated to our exchange over common trunk groups
11 owned by SWBT which directly connect to the Company's facilities. SWBT commingles
12 this wireless originated traffic with other wireline interexchange (i.e., toll) traffic also
13 destined for termination to the Company's exchange. Because all of this traffic comes to
14 us over a common trunk group, our Company is unable to distinguish the wireless-
15 originated traffic from other interexchange traffic that is terminated to us. We are also
16 unable to unilaterally prevent or block wireless-originated traffic from terminating to our
17 facilities even in those circumstances where wireless carriers refuse or otherwise fail to
18 pay for the terminating service which our Company provides.

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

20 A. After the traffic is delivered by SWBT to our facilities, it is transported over wire/cable
21 facilities which we own to our central office where the traffic is switched and directed to
22 the individual customers to whom the traffic is destined. In addition to the switch, we

own distribution facilities which carry the calls throughout our exchange where it is ultimately terminated over the cable pair or loop which serves each individual customer's residence or place of business.

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

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

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

A. No.

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

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

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

A. Each month we receive from SWBT a cellular transiting usage summary report (CTUSR)

1 which identifies, by carrier, the CMRS providers who have transited wireless originated
2 traffic over SWBT's facilities for termination to our exchange. The CTUSRs we have
3 received from SWBT since February 19, 2001 (when our wireless service tariff became
4 effective) indicate that VoiceStream and Western have terminated traffic to our
5 Company. The specific amounts of traffic are shown on the copies of CTUSRs which are
6 attached to this testimony as Schedule No. 1. These CTUSRs are for the period of time
7 February 5, 2001 through June 4, 2002, which is the most recent period for which SWBT
8 has hard copies of this information.

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

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

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

16 A. Yes, VoiceStream/Western Wireless paid Citizens Telephone Company a total of
17 \$48,156.68 in tariffed charges previously billed. However, billings after October 1, 2001
18 remain outstanding and unpaid.

19 Q. Have you sent bills to VoiceStream and Western Wireless for this traffic?

20 A. Yes, we have sent bills to VoiceStream and Western Wireless for this traffic. For
21 purposes of those billings we have assumed that all traffic is intraMTA and applied our
22 wireless termination service tariff rate. If it can be determined that some of this traffic is

1 interMTA, we believe it would be appropriate to charge for this interMTA traffic based
2 on our intrastate access rates.

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

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

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

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

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

15 A. Yes. By letters dated January 2, 2002 (attached as Schedule 2) and January 22, 2002
16 (attached as Schedule 3), Citizens Telephone Company attempted to resolve this dispute
17 with VoiceStream/Western Wireless. Kathie Munson, an employee of Citizens
18 Telephone Company, was told by Ms. Chris Sikes of VoiceStream that VoiceStream
19 would no longer pay invoices submitted by Citizens Telephone Company for terminating
20 wireless traffic on the facilities of Citizens Telephone Company. VoiceStream further
21 indicated that they objected to the rates Citizens Telephone Company was charging, even
22 though they are the lawful tariff rates approved by this Commission. In addition, our

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

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

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

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

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

21 In the event a wireless carrier refuses to pay a third-party LEC for such
22 termination and the wireless carrier does not have a reciprocal
23 compensation agreement with the third-party LEC, SWBT will remain

1 secondarily liable to the third-party LEC for the termination of this traffic,
2 but will be entitled to indemnification from the wireless carrier upon
3 payment of the loss. *In the matter of SWBT's tariff filing to revise its*
4 *wireless carrier Interconnection Service Tariff*, PSC Mo. No. 40, Case No.
5 TT-97-524, Report & Order, December 23, 1997.
6

7 It is also our understanding that in SWBT's interconnection agreements with CMRS
8 providers, including the interconnection agreement with VoiceStream and Western, there
9 is a provision which requires CMRS providers to enter into their own agreements with
10 third party providers, such as our Company, for traffic which they send through SWBT's
11 facilities for termination to that third party provider. In the event, however, that the
12 CMRS provider sends traffic through SWBT's transiting network to a third party provider
13 with whom the CMRS carrier does not have a traffic interexchange agreement, then the
14 CMRS provider has agreed to indemnify SWBT for any termination charges rendered by
15 a third party provider for such traffic. Accordingly, in this case where VoiceStream and
16 Western have knowingly sent traffic to our Company and have failed to establish an
17 agreement or pay for traffic they terminate to our Company pursuant to our approved
18 tariffs, we believe that it is appropriate to hold SWBT responsible for payment of such
19 terminating charges since 1) SWBT is responsible for the traffic being terminated to us in
20 contravention of its tariff or interconnection agreement with VoiceStream and Western
21 and 2) SWBT has a right of indemnification from VoiceStream and Western such that
22 SWBT would be reimbursed for any charges it is required to pay to us.

23 Q. Does that complete your direct testimony?

24 A. Yes, it does.

CASE NO. TC-2002-1077

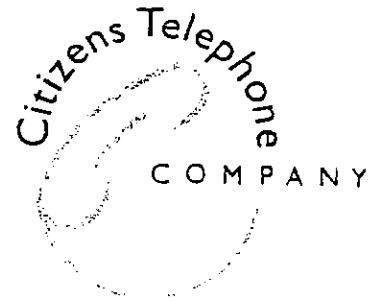
Schedule No. 1

HIGHLY CONFIDENTIAL

Direct Testimony of Brian Cornelius
on behalf of Citizens Telephone Company

FILED UNDER SEAL

CASE NO. TC-2002-1077
SCHEDULE NO. 2
Direct Testimony of Brian Cornelius
Citizens Telephone Company



January 2, 2002

Ms. Chris Sikes
Voicestream Wireless
12920 S.E. 38th Street
Bellevue, Washington 98006

Dear Ms. Sikes:

I have learned from Kathie Munson of our company that Voicestream no longer intends to pay invoices submitted by Citizens Telephone Company to Voicestream for terminating wireless traffic. Kathie indicated that Voicestream's objection concerns the rate per minute that Citizens is charging, and that Voicestream's new policy begins with our invoices dated November 1, 2001 and later.

First, the rate which Citizens charges is pursuant to an intrastate wireless termination service tariff which was approved by the Missouri Public Service Commission. Therefore, the rate is lawful and reasonable until found otherwise in a suit brought for the purpose of reviewing the Commission's decision. See Section 386.270, RSMo.

Second, while the decision of the Missouri Public Service Commission approving Citizens' wireless tariff has been appealed, the Commission's decision is not automatically stayed by the filing of an appeal. See Section 386.520.1, RSMo. Thus, the wireless tariff rate remains lawful and reasonable until found otherwise by a reviewing court, which, to this point in time, has not happened. In fact, the Circuit Court of Cole County, Missouri, on November 26, 2001, issued its judgment affirming the Commission's decision approving the tariff.

Consequently, Citizens Telephone's issuance of bills pursuant to its wireless tariff is entirely appropriate. Conversely, Voicestream's refusal to pay same is not, and Citizens Telephone expects full payment of the bills in question. Should you have any questions regarding this matter, please feel free to contact our attorney, Trip England of Brydon, Swearengen & England at (573) 635-7166. His address is 312 East Capitol Avenue, P.O. Box 456, Jefferson City, Missouri, 65102-0456.

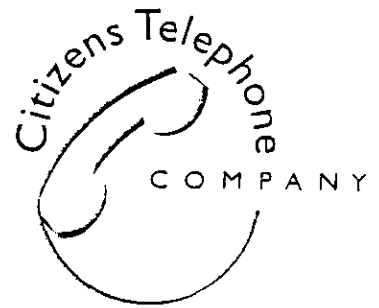
Very truly yours,

A handwritten signature in black ink, which appears to read 'Brian Cornelius', is written over a horizontal line.

Brian L. Cornelius
President

BLC:

CASE NO. TC-2002-1077
SCHEDULE NO. 3
Direct Testimony of Brian Cornelius
Citizens Telephone Company



January 22, 2002

VIA UPS Next Day Air

Ms. Chris Sikes
Voicestream Wireless
12920 S.E. 38th Street
Bellevue, Washington 98006

Dear Ms. Sikes:

I have learned from Kathie Munson of our company that Voicestream no longer intends to pay invoices submitted by Citizens Telephone Company to Voicestream for terminating wireless traffic. Kathie indicated that Voicestream's objection concerns the rate per minute that Citizens is charging, and that Voicestream's new policy begins with our invoices dated November 1, 2001 and later.

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Very truly yours,

Brian L. Cornelius
President

BLC: