

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 458
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
BRIAN K. BOGARD
DIANA C. FARR
JANET E. WHEELER

OF COUNSEL
RICHARD T. CIOTTON

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 Rod Cotton**
- **Lathrop Telephone Company**

FILED²
AUG 26 2002
Missouri Public
Service Commission

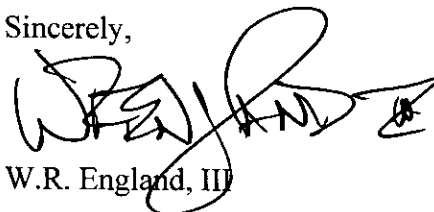
Dear Mr. Roberts:

Enclosed for filing please find an original and eight copies of the direct testimony of Rod Cotton filed on behalf of Lathrop 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: Rod Cotton
Type of Exhibit: Direct Testimony
Sponsoring Party: Lathrop Telephone Company
Case No.: TC-2002-1077
Date: August 26, 2002

CASE NO. TC-2002-1077

DIRECT TESTIMONY

OF

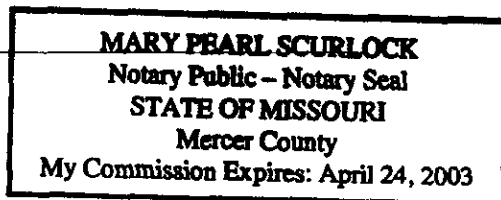
ROD COTTON

ON

BEHALF OF

LATHROP TELEPHONE COMPANY

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DIRECT TESTIMONY

Q. Please state your name and business address.

A. My name is Rod Cotton. My business address is 1001 Kentucky Street, Princeton, Missouri 64673.

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

A. I am the Director of Business Development and Regulatory for Grand River Mutual Telephone Corporation and Lathrop Telephone Company, which is a wholly owned subsidiary of Grand River Mutual Telephone Corporation.

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

A. My areas of responsibility include business development and analysis as well as State and Federal regulatory issues.

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

A. Yes.

Q. Please briefly describe your education and work background.

A. I am a 1989 graduate of Northwest Missouri State University in Maryville, Missouri whereby I received a Bachelor of Science degree with a major in Accounting. In 1990, I was employed by the Missouri State Auditor's office as an Audit Assistant. In 1992, I joined the certified public accounting firm of Harden, Cummins, Moss & Miller to assist in the preparation of certified financial audits. In 1997, I was employed by Green Hills Telephone Company as Business and Marketing Manager with responsibilities in the areas of customer service, accounting, marketing and Internet for the Company. In 1999, I joined Grand River Mutual

1 Telephone Corporation in the position of Assistant Controller. In September 2001, I was
2 promoted to my current position.

3 I am a Certified Public Accountant and member of the American Institute of Certified
4 Public Accountants. I currently hold a license to practice in the State of Missouri.

5 Q. Please briefly describe Lathrop Telephone Company and the nature of its business.

6 A. Lathrop Telephone Company (hereinafter sometimes referred to as the "Company") is a
7 Missouri corporation with its principal office and place of business located at 601 Oak Street,
8 Lathrop, Missouri 64465. A certificate of corporate good standing, issued by the Missouri
9 Secretary of State, is attached to the Complaint filed in Case No. TC-2002-1077. Lathrop
10 Telephone Company provides telephone service to approximately 1,550 subscribers that are
11 located within the Missouri exchange of Lathrop. The Company operates pursuant to a
12 certificate of public convenience and necessity issued by the Commission in its Case No. TA-88-
13 74. Of particular relevance to the instant complaint, Lathrop Telephone Company provides basic
14 local telecommunications services, exchange access services and wireless termination services
15 pursuant to tariffs on file with and approved by the Missouri Public Service Commission
16 (Commission) within its exchange.

17 Q. What is the purpose of your testimony?

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

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

4 A. No.

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

7 A. No.

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

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

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

16 A. It is my understanding that SWBT is a telecommunications company providing basic
17 local telecommunications services, basic interexchange telecommunications services and
18 exchange access services in various parts of the state of Missouri. In addition, SWBT offers
19 what it calls a "transit" service to CMRS providers, such as VoiceStream and Western, which
20 allow those CMRS providers to terminate wireless-originated traffic to the exchange served by
21 our Company without directly connecting to our Company's local network. It is also my
22 understanding that SWBT provides these transit services or facilities pursuant to either its

1 intrastate wireless interconnection tariff or an interconnection agreement entered into between
2 SWBT and CMRS providers such as VoiceStream and Western.

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

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

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

14 A. After the traffic is delivered by SWBT to our facilities, it is transported over wire/cable
15 facilities which we own to our central office where the traffic is switched and directed to the
16 individual customers to whom the traffic is destined. In addition to the switch, we own
17 distribution facilities which carry the calls throughout our exchange where it is ultimately
18 terminated over the cable pair or loop which serves each individual customer's residence or place
19 of business.

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

22 A. On February 19, 2001, the Missouri Commission approved, in its Case No. TT-2001-139

1 et al., a "wireless termination service tariff" which contains rates, terms and conditions for the
2 termination of intraMTA wireless-originated traffic delivered to our Company via the transit
3 services or facilities of an intermediate LEC such as SWBT. That tariff is currently on file with
4 and approved by the Commission and applies in the absence of an agreement negotiated pursuant
5 to the Telecommunications Act of 1996.

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

8 A. No.

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

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

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

16 A. Each month we receive from SWBT a cellular transiting usage summary report (CTUSR)
17 which identifies, by carrier, the CMRS providers who have transited wireless originated traffic
18 over SWBT's facilities for termination to our exchange. The CTUSRs we have received from
19 SWBT since February 19, 2001 (when our wireless service tariff became effective) indicate that
20 VoiceStream and Western have terminated traffic to our Company. The specific amounts of
21 traffic are shown on the copies of CTUSRs which are attached to this testimony as Schedule No.
22 1. These CTUSRs are for the period of time February 5, 2001 through June 4, 2002, which is the

1 most recent period for which SWBT has hard copies of this information.

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

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

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

9 A. No.

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

11 A. Yes, we have sent bills to VoiceStream and Western Wireless for this traffic. For
12 purposes of those billings we have assumed that all traffic is intraMTA and applied our wireless
13 termination service tariff rate. If it can be determined that some of this traffic is interMTA, we
14 believe it would be appropriate to charge for this interMTA traffic based on our intrastate access
15 rates.

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

18 A. As of the date of the filing of the Complaint, VoiceStream and Western still have
19 outstanding and unpaid amount as shown on Exhibits 15(HC) and 16(HC) attached thereto. This
20 amount remains outstanding and unpaid and will increase as wireless traffic continues to be
21 terminated to our Company.

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

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

5 Q. Prior to filing this complaint, did you attempt to resolve this dispute with VoiceStream or
6 Western?

7 A. Yes. On November 20, 2001, I contacted Mr. Dan Menser with VoiceStream via
8 telephone to discuss our billing for this traffic under our wireless termination service tariff. I
9 also indicated to Mr. Menser that Grand River Mutual Telephone Corporation had entered into a
10 traffic termination agreement with Alltel Communications, Inc. and that we were willing to
11 pursue a traffic termination agreement with VoiceStream under the same terms as Grand River
12 Mutual Telephone Corporation's agreement with Alltel. To document our discussion, I sent
13 correspondence to Mr. Menser related to our telephone conversation and also included copies of
14 our wireless termination service tariff and traffic termination agreement between Grand River
15 Mutual Telephone Corporation and Alltel Communications, Inc. (A copy of which is attached as
16 Schedule 2.) In addition, our counsel contacted representatives for VoiceStream and Western on
17 several occasions in an attempt to resolve this matter short of filing a complaint case. However,
18 those efforts were unsuccessful and, as a result, we were forced to file this Complaint.

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

21 A. No. Although our tariff permits the imposition of late fees, and the recovery of
22 reasonable attorneys fees in the event of nonpayment, I have not included those charges in the

1 amounts due and owing. As part of this Complaint, however, we are asking the Commission to
2 reaffirm the provisions of our tariff which would allow us to assess late payment fees on these
3 amounts as well as seek recovery of reasonable attorneys fees which we have incurred in
4 pursuing these unpaid amounts.

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

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

13 In the event a wireless carrier refuses to pay a third-party LEC for such
14 termination and the wireless carrier does not have a reciprocal compensation
15 agreement with the third-party LEC, SWBT will remain secondarily liable to the
16 third-party LEC for the termination of this traffic, but will be entitled to
17 indemnification from the wireless carrier upon payment of the loss. *In the matter*
18 *of SWBT's tariff filing to revise its wireless carrier Interconnection Service Tariff,*
19 *PSC Mo. No. 40, Case No. TT-97-524, Report & Order, December 23, 1997.*
20

21 It is also our understanding that in SWBT's interconnection agreements with CMRS providers,
22 including the interconnection agreements with VoiceStream and Western, there is a provision
23 which requires CMRS providers to enter into their own agreements with third party providers,
24 such as our Company, for traffic which they send through SWBT's facilities for termination to
25 that third party provider. In the event, however, that the CMRS provider sends traffic through
26 SWBT's transiting network to a third party provider with whom the CMRS carrier does not have

1 a traffic interexchange agreement, then the CMRS provider has agreed to indemnify SWBT for
2 any termination charges rendered by a third party provider for such traffic. Accordingly, in this
3 case where VoiceStream has knowingly sent traffic to our Company and has refused to establish
4 an agreement or pay for traffic they terminate to our Company pursuant to our approved tariffs,
5 we believe that it is appropriate to hold SWBT responsible for payment of such terminating
6 charges since 1) SWBT is responsible for the traffic being terminated to us in contravention of its
7 tariff or interconnection agreement with VoiceStream and Western and 2) SWBT has a right of
8 indemnification from VoiceStream and Western such that SWBT would be reimbursed for any
9 charges it is required to pay to us.

10 Q. Does that complete your direct testimony?

11 A. Yes, it does.

CASE NO. TC-2002-1077

Schedule No. 1

HIGHLY CONFIDENTIAL

Direct Testimony of Rod Cotton
on behalf of Lathrop Telephone Company

FILED UNDER SEAL



November 20, 2001

Mr. Dan Menser
Voicestream
12920 SE 38th Street
Bellevue, WA 98006

RE: Compensation for Wireless Traffic

Dear Dan:

Pursuant to our telephone conversation today, I am enclosing the following three documents:

1. Local Exchange Service Tariff-Wireless Termination Service—Grand River Mutual Telephone Corporation.
2. Local Exchange Service Tariff-Wireless Termination Service—Lathrop Telephone Company.
3. Traffic Termination Agreement between Grand River Mutual Telephone Corporation and ALLTEL Communications, Inc.

As we discussed today, Grand River and Lathrop have legally approved tariffs in place that apply to the termination of CMRS traffic to our exchanges and therefore have billed Voicestream appropriately under the terms of those tariffs. It is my understanding that Voicestream has paid other Missouri companies under similar tariffs and therefore we expect like treatment.

If you elect, we would be willing to pursue a traffic termination agreement with Voicestream under the same terms as our Agreement with ALLTEL.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rod Cotton'.

Rod Cotton, CPA
Director of Business Development and Regulatory