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August 26, 2002

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

FILED²
AUG 26 2002
Missouri Public
Service Commission

Re: Case No. TC-2002-1077
- **Direct Testimony of Rod Cotton**
- **Grand River Mutual Telephone Corporation**

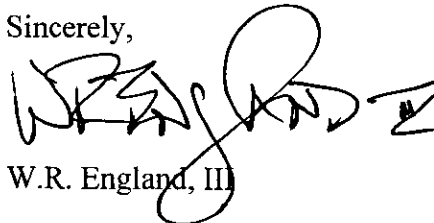
Dear Mr. Roberts:

Enclosed for filing please find an original and eight copies of the direct testimony of Rod Cotton filed on behalf of Grand River Mutual Telephone Corporation.

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: Grand River Mutual Telephone
Corporation
Case No.: TC-2002-1077
Date: August 26, 2002

FILED²

CASE NO. TC-2002-1077

AUG 26 2002

DIRECT TESTIMONY

**Missouri Public
Service Commission**

OF

ROD COTTON

ON

BEHALF OF

GRAND RIVER MUTUAL TELEPHONE CORPORATION

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 Mercer
State of Missouri

AFFIDAVIT OF


ROD COTTON

Rod Cotton, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Rod Cotton"; 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.



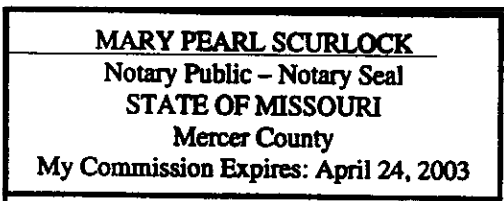
Rod Cotton

Subscribed and sworn to before me this 2nd day of August, 2002.


MARY PEARL SCURLOCK

Notary Public

My Commission expires:



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.

Q. Briefly describe the nature of your duties and responsibilities for Grand River Mutual Telephone Corporation.

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 Grand River Mutual Telephone Corporation?

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 Telephone Corporation in the position of Assistant Controller. In September 2001, I was

1 promoted to my current position.

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

4 Q. Please briefly describe Grand River Mutual Telephone Corporation and the nature of its
5 business.

6 A. Grand River Mutual Telephone Corporation (hereinafter sometimes referred to as the
7 "Company") is a Missouri corporation with its principal office and place of business located at
8 1001 Kentucky Street, Princeton, Missouri 64673. A certificate of corporate good standing,
9 issued by the Missouri Secretary of State, is attached to the Complaint filed in Case No. TC-
10 2002-1077. Grand River Mutual Telephone Corporation provides telephone service to
11 approximately 15,000 subscribers that are located within the following Missouri exchange(s):
12 Barnard, Bethany, Brimson, Browning, Cainsville, Chula, Conception Jct., Darlington, Denver,
13 Eagleville, Galt, Gentry, Gilman City, Graham, Jamesport, Laredo, Linneus, Lucerne, Meadville,
14 Mercer, Mt. Moriah, New Hampton, Newtown, Parnell, Powersville, Princeton, Purdin,
15 Ravenwood, Ridgeway, Sheridan, Spickard and Washington Center. The Company operates
16 pursuant to a certificate of public convenience and necessity issued by the Commission in its
17 Case No. TA-88-75. Of particular relevance to the instant complaint, Grand River Mutual
18 Telephone Corporation provides basic local telecommunications services, exchange access
19 services and wireless termination services pursuant to tariffs on file with and approved by the
20 Missouri Public Service Commission (Commission) within its exchanges.

21 Q. What is the purpose of your testimony?

22 A. The purpose of my testimony is to support our Company's complaint against

VoiceStream Wireless Corporation (VoiceStream), Western Wireless Corporation (Western) and Southwestern Bell Telephone Company (SWBT) for their failure to pay terminating compensation on wireless originated traffic which they are responsible for causing to terminate in the exchanges served by our Company.

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

A. No.

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

A. No.

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

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

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

A. It is my understanding that SWBT is a telecommunications company providing basic local telecommunications services, basic interexchange telecommunications services and exchange access services in various parts of the state of Missouri. In addition, SWBT offers

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

7 Q. How does wireless-originated traffic terminate to your Company's exchanges?

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

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

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

1 of business.

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

4 A. On September 20, 2001, the Missouri Commission approved, in its Case No. TT-2002-
5 127, a "wireless termination service tariff" which contains rates, terms and conditions for the
6 termination of intraMTA wireless-originated traffic delivered to our Company via the transit
7 services or facilities of an intermediate LEC such as SWBT. That tariff is currently on file with
8 and approved by the Commission and applies in the absence of an agreement negotiated pursuant
9 to the Telecommunications Act of 1996.

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

12 A. No.

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

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

18 Q. How do you know that VoiceStream has terminated wireless-originated traffic to your
19 exchanges?

20 A. Each month we receive from SWBT a cellular transiting usage summary report (CTUSR)
21 which identifies, by carrier, the CMRS providers who have transited wireless originated traffic
22 over SWBT's facilities for termination to our exchanges. The CTUSRs we have received from

1 SWBT since September 20, 2001 (when our wireless service tariff became effective) indicate
2 that VoiceStream has terminated traffic to our Company. The specific amounts of traffic are
3 shown on the copies of CTUSRs which are attached to this testimony as Schedule No. 1. These
4 CTUSRs are for the period of time September 5, 2001 through June 4, 2002, which is the most
5 recent period for which SWBT has hard copies of this information.

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

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

11 Q. Has VoiceStream paid you for any of the traffic terminated to your Company's
12 exchanges?

13 A. No.

14 Q. Have you sent bills to VoiceStream for this traffic?

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

19 Q. What is the status of VoiceStream's payments with respect to your Company?

20 A. As of the date of the filing of the Complaint, VoiceStream has an outstanding and unpaid
21 amount as shown on Exhibit 15(HC) attached thereto. This amount remains outstanding and
22 unpaid and will increase as wireless traffic continues to be terminated to our Company.

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

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

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

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 our agreement
12 with Alltel. To document our discussion, I sent correspondence to Mr. Menser related to our
13 telephone conversation and also included copies of our wireless termination service tariff and
14 traffic termination agreement between Grand River Mutual Telephone Corporation and Alltel
15 Communications, Inc. (A copy of which is attached as Schedule 2.) In addition, our counsel
16 contacted representatives for VoiceStream on several occasions in an attempt to resolve this
17 matter short of filing a complaint case. However, those efforts were unsuccessful and, as a
18 result, we were forced to file this Complaint.

19 Q. Do any of the amounts due and owing from VoiceStream include any late payment or
20 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 failure to pay. When the
9 Commission approved SWBT's revision to its own wireless interconnection tariff in Case No.
10 TT-97-524, it did so with the specific condition that SWBT would remain secondarily liable to
11 third party LECs for traffic sent to them by wireless carriers and for which they receive no
12 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 agreement 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 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 Grand River Mutual Telephone Corporation

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