

Exhibit No:

Issue: Rates

Witness: Maass

Type of Exhibit : Surrebuttal Testimony

Sponsoring Party: AT&T Wireless  
Services, Inc.

**FILED**<sup>2</sup>

OCT 4 1999

Case No: TT-99-428; TT-99-429;  
TT-99-430; TT-99-431;  
TT-99-432; TT-99-433  
Consolidated

Missouri Public  
Service Commission

IN THE MATTER OF ALMA TELEPHONE COMPANY P.S.C. Mo. No. 2;  
MoKAN DIAL, INC. P.S.C. Mo. No. 2; MID-MISSOURI TELEPHONE  
COMPANY P.S.C. Mo. No. 2; CHOCTAW TELEPHONE COMPANY P.S.C.  
Mo. No. 1; CHARITON VALLEY TELEPHONE COMPANY P.S.C. Mo. No.  
2 AND PEACE VALLEY TELEPHONE COMPANY P.S.C. Mo. No. 2  
FILINGS TO REVISE THEIR ACCESS SERVICE TARIFFS

SURREBUTTAL  
TESTIMONY

OF

Kurt C. Maass

Jefferson City, Missouri  
October 4, 1999



**AT&T WIRELESS SERVICES, INC.  
SURREBUTTAL TESTIMONY  
OF  
KURT C. MAASS  
CASE NO. TT-99-428, ET AL**

1   **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A.    My name is Kurt C. Maass. My business address is 7277 164<sup>th</sup> Ave NE,  
3       Redmond, WA, 98052.

4  
5   **Q.     ARE YOU THE SAME KURT MAAS WHO HAS PREVIOUSLY FILED**  
6       **REBUTTAL TESTIMONY IN THIS PROCEEDING?**

7   A.    Yes, I am.

8  
9   **Q.     WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN**  
10       **THIS PROCEEDING?**

11 A.    The purpose of my testimony is to address the suggestions of Staff Witness  
12       Anthony Clark. Specifically, I will address his proposal to adopt a mutual  
13       compensation rate of 2¢ per minute. Staff's proposal appears to be inconsistent  
14       with the FCC rules governing reciprocal compensation for local traffic.

15  
16 **Q.     CAN YOU PLEASE SUMMARIZE STAFF'S PROPOSAL?**

17 A.    Certainly. Staff witness Clark recommends that the Commission adopt a generic  
18       default rate of 2¢ per minute for the transport and termination of intra-MTA  
19       wireless traffic and for local traffic terminated by CLECs. The basis for this rate  
20       appears to be a comparison of the existing Commission-approved negotiated rates  
21       between the large LECs in Missouri and various wireless carriers, including  
22       AT&T Wireless, and a modified switched access approach. The modified  
23       switched access approach is simply the Mid-Missouri Group's ("MMG") existing

switched access rates minus the carrier common line charge. The rates Mr. Clark proposes are drawn from a Southwestern Bell tariff, filed originally in 1994, which represents the rates negotiated between Southwestern Bell and wireless carriers in a pre-Telecommunications Act of 1996 environment.

**Q. DOES STAFF'S 2¢ PROPOSAL RAISE ANY CONCERNS?**

**A.** Yes, it does. Matt & Paul, I would just delete this discussion

The most important concern is that it is inconsistent with the FCC rules governing local reciprocal compensation. As I indicated in my Rebuttal testimony, wireless traffic originating and terminating within the Major Trading Area (MTA) is defined by the FCC as local traffic. The FCC rules prohibit the applications of access charges or any other non-cost based rate to the exchange of local traffic. The FCC rules require State Commissions to establish incumbent LECs rates for transport and termination of local traffic on the basis of:

- 1) the forward looking economic cost of such offerings using a cost study pursuant that complies with the appropriate FCC rules, 47 CFR Sections 51.505 and 51.511;
- 2) the default proxies as provided in 47 CFR Section 51.707, or
- 3) a bill-and-keep arrangement. 47 CFR 51.713.

Neither the MMG's tariff nor Staff's proposed 2¢ comply with these requirements and it would be unlawful for the Commission to impose these charges on local traffic.

**Q. HOW DO THE FCC'S DEFAULT PROXIES COMPARE TO STAFF'S PROPOSED RATES?**

**A.** The FCC proxy rates for termination and transport of local traffic are significantly

1 less than Staff's proposed rates. The FCC proxy rates for local termination  
2 provide a range of 0.2¢ to 0.4¢ per minute and a tandem switching rate of 0.15¢  
3 per minute. Staff's proposed rate does not distinguish between interconnection  
4 at the tandem level or at the end-office level and must be assumed to apply to both  
5 interconnection scenarios. Assuming that Staff's 2¢ proposal would apply if the  
6 wireless carrier were interconnected at the ILEC's end-office, Staff's proposed  
7 rate is 5 to 10 times greater than the FCC default proxies are. It is also important  
8 to be clear on the type of interconnections that would apply here. It is my  
9 understanding that as a general rule the independent companies do not operate  
10 tandem switches in their networks. Any interconnection rates paid by wireless  
11 carriers should recover only the forward-looking costs of switching and transport  
12 and should not include tandem switching costs.

13  
14 **Q. BECAUSE STAFF'S PROPOSAL IS NOT ACCEPTABLE WHAT TYPE**  
15 **OF COMPENSATION WOULD AT&T PROPOSE?**  
16

17 **A.** AT&T believes that bill-and-keep is the appropriate compensation arrangement  
18 that should be used until any carrier, whether wireless, CLEC or ILEC, chooses to  
19 establish a reciprocal compensation arrangement. Under the Act and under the  
20 FCC rules, any carrier can request negotiation to establish a reciprocal  
21 compensation arrangement. If the carriers are unable to reach an agreement, one  
22 of the parties may seek to arbitrate under Section 252 of the Telecommunications  
23 Act of 1996 (TA96). At that time, the Commission may order a reciprocal  
24 compensation arrangement that is consistent with the TA96 and the FCC rules.

1 Further, the traffic volumes involved are relatively small. We would question the  
2 whether the cost of recording, rating and billing might not exceed the amounts of  
3 money exchanged. Bill and keep makes even more sense in this type of scenario.

4 **Q. IF THE COMMISSION WANTS TO ALLOW THE MMG TO IMPOSE**  
5 **ACTUAL COMPENSATION ON CARRIERS TERMINATING LOCAL**  
6 **TRAFFIC TO THEM, WHAT WOULD YOU RECOMMEND?**  
7

8 **A.** If the Commission does not believe a bill-and-keep arrangement is appropriate,  
9 AT&T would not oppose the imposition of per minute compensation consistent  
10 with the FCC rules. Since the MMG has not put forth any cost studies that  
11 comply with the FCC rules, the only rates available at this time are the FCC  
12 default proxies. In summary, the options should be either bill and keep, FCC  
13 default proxies or reciprocal compensation based on forward-looking economic  
14 costs.  
15

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A.** Yes, it does.  
18