

EXHIBIT NO.: \_\_\_\_\_

ISSUE: COS ALTERNATIVES

WITNESS: ROBERT C. SCHOONMAKER

SPONSORING PARTIES: THE SMALL TELEPHONE  
COMPANY GROUP,

CASE NO.: TW-97-333

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of an Investigation into )  
the Provision of Community Optional ) CASE NO. TW-97-333  
Calling Service in Missouri. )

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 Inc./Management as a Vice President.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony consisting of pages 1 through 25 and Schedules RCS-4 through RCS-5.
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  
Robert C. Schoonmaker

EXHIBIT NO. 8  
Date 6/23/97 Case No. TW-97-333  
Reporter Kem

Subscribed and sworn to before me this 6th day of June, 1997.

Joan D. Preslar  
Notary Public

My Commission expires: 3/16/2001

1           SURREBUTTAL TESTIMONY OF ROBERT C. SCHOONMAKER

2  
3   Q.    Would you please state your name and address.

4   A.    My name is Robert C. Schoonmaker and my business address is 2270 La Montana  
5           Way, Colorado Springs, Colorado 80918.

6   Q.    Are you the same Robert C. Schoonmaker that previously filed direct and rebuttal  
7           testimony in this case?

8   A.    Yes, I am.

9   Q.    What group do you represent in this proceeding?

10  A.    I represent the small incumbent telephone companies listed in Schedule RCS-1 of  
11           my previously filed direct testimony, collectively referred to as the Small  
12           Telephone Company Group or STCG.

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

14  A.    I will respond to some of the new proposals made by the Office of the Public  
15           Counsel. In addition I will respond to issues raised by Southwestern Bell  
16           Telephone Co. (SWBT) in its rebuttal testimony regarding allegations of misuse of  
17           COS.

18  Q.    Ms. Meisenheimer, witness for the Office of the Public Counsel, offers the  
19           opinion that when effective competition for local service exists that customers  
20           will likely have a variety of customized calling plans that are good substitutes for  
21           COS. Do you agree with her assessment?

22  A.    I am not nearly so optimistic as she is. While it may be possible that competition  
23           will lead to offerings of local calling over wider calling scopes, that may not  
24           necessarily be the case. I note, for example, that the local calling scope offered by

1 Brooks Fiber Communications of Missouri, Inc. in its recently filed tariff for  
2 competitive local service in the Springfield and Kansas City areas proposes a local  
3 calling area that encompasses only the metropolitan exchange area of SWBT in  
4 those locations, a calling area substantially smaller than the Metropolitan Calling  
5 Area (MCA) calling area that SWBT offers pursuant to Commission orders.

6 Q. Ms. Meisenheimer states that she disagrees with GTE witness Kahnert that  
7 switched access is the appropriate compensation mechanism for optional  
8 interexchange calling and agrees with SWBT witness Taylor that CCL should be  
9 excluded from this compensation. How do you react to these statements?

10 A. Ms. Meisenheimer also states that since the Carrier Common Line (CCL) rate  
11 would not be charged upon her proposal to designate COS as a local service,  
12 "...some adjustment to provide a contribution to the target LEC's joint and  
13 common costs would be appropriate." Unfortunately her testimony is not specific  
14 at all on what the nature or size of such an adjustment might be. Depending on  
15 the size, scope, and nature of this "joint and common cost" adjustment, it might be  
16 that Ms. Meisenheimer's proposal more nearly matches Ms. Kahnert's than it does  
17 Mr. Taylor's with the "joint and common cost" adjustment replacing the CCL  
18 rate.

19 Q. Ms. Meisenheimer proposes in her rebuttal testimony that COS be designated as  
20 local (as SWBT and other parties have earlier in this case). Are there any  
21 administrative and billing problems associated with Ms. Meisenheimer's  
22 proposal?

1 A. I have given some thought to that, though I certainly have not explored it in detail.  
2 The proposal to change responsibility for the payment of compensation from the  
3 Primary Toll Carrier (PTC) to the originating LEC will require changes in  
4 administrative and carrier billing systems, some of them possibly significant.

5 Q. Can you describe some of the problems that may be encountered in implementing  
6 such a proposal?

7 A. Yes. First of all, decisions will have to be made as to how the call is to be dialed.  
8 Local calls normally are dialed on a seven-digit basis and normally are not  
9 recorded for compensation or billing purposes. Decisions will have to be made on  
10 whether these local calls would continue to be billed on a 1plus 10 digit basis as  
11 most COS providers are doing now or on a different basis. If the basis is on a  
12 seven-digit basis as SWBT currently does, technical specifications of switches  
13 and recording systems will have to be verified to see how and whether calls dialed  
14 on a seven-digit basis can be recorded.

15 Q. Why would the call be recorded at the originating end of the call since the  
16 terminating carrier is the carrier that would be doing the billing?

17 A. Because using the switching technology employed in the current intraLATA  
18 network with Feature Group C signaling there is no capability to record the  
19 individual calls at the terminating end. Even if the call could be terminated at that  
20 end, the terminating company would be unable to identify whether the call was a  
21 call from a COS subscriber or an intraLATA toll call.

22 Q. Please continue with your description of the administrative issues.

1 A. Assuming that the call can be successfully recorded at the originating end, the call  
2 record would enter the call billing processing systems looking the same as an  
3 intraLATA toll call from another non-COS subscriber calling the same target  
4 exchange.

5 Q. When would the billing system identify and segregate the COS calls from the  
6 intraLATA toll calls?

7 A. Typically this would be done at the time that the customer bill was being  
8 prepared, although in some companies' billing systems it might be done earlier.  
9 In most systems the identifying element in the billing record that identifies the  
10 customer as a COS customer for a specific COS route (identification would be  
11 made by originating NXX code and the terminating NXX codes) is contained in  
12 the customer master record. As the customer's bill is processed the system would  
13 check for the COS identifier. If it was found, the system would then screen all the  
14 toll calls by originating and terminating NXX codes and remove from toll billing  
15 the identified COS calls. These calls are typically summarized in some type of  
16 report.

17 Q. Does that complete your description of what needs to take place?

18 A. No, the process which I have described so far, which is similar to today's process,  
19 assures that the COS calls are removed from toll billing so that the end user  
20 customer's bill is rendered correctly. It does not deal with the access billing  
21 process, the compensation mechanism that would be changed under the proposal  
22 made by Public Counsel (and others) to change the call to a local call with  
23 compensation paid to the terminating carrier.

1 Q. What are the issues associated with the access billing process?

2 A. Typically in telephone company access billing systems a separate record of a toll  
3 recorded call is made shortly after the call record is created. This record  
4 duplicates much of the information in the toll record, but is sent through a  
5 separate processing system, the Carrier Access Billing System (CABS), in order  
6 to render the access bill. Under today's processing, since the PTC is paying  
7 access on both intraLATA toll and COS calls, these calls are handled the same  
8 way. Under the terminating compensation proposal, the COS and intraLATA toll  
9 calls would be handled differently since the access associated with the intraLATA  
10 toll call would continue to be billed to the PTC, but the COS call would not. This  
11 is a problem in the CABS, because normally when a call record is made for that  
12 system the billing system has no way to identify which type of call it is dealing  
13 with.

14 Q. How could this identification be made?

15 A. There are probably several ways it could be done. I can think of two ways that  
16 might work, although each has its problems. The first would be to include a  
17 subsystem that would take the identified toll calls that are removed from the toll  
18 billing process and create a negative record to be introduced into the access billing  
19 to "neutralize" the record that is already in that system. In order for this to work,  
20 the CABS would have to recognize records with negative minutes, an abnormal  
21 situation and one which the systems may not handle without modification. A  
22 second alternative would be to allow the call to go through the CABS the same as  
23 an intraLATA call, incorrectly including it in the originating CABS billing.

1 Summary information from the reports of COS calls removed from toll billing  
2 could then be used in a manual process to develop total access minutes and  
3 revenue to be manually adjusted out of the CABS bill to offset the calls for which  
4 access was incorrectly billed. Obviously a manual process such as this is subject  
5 to a greater likelihood of error. In addition, such processes are typically relatively  
6 expensive. However, using one of these, or some other process, the access  
7 minutes could be removed from billing by the originating carrier. This still leaves  
8 the issue of how the terminating carrier will be able to bill for the traffic  
9 terminated in its exchange.

10 Q. How does this process take place?

11 A. As I mentioned earlier the terminating carrier cannot record and measure the COS  
12 traffic. This carrier must rely on data recorded by and received from the  
13 originating carrier to have the necessary data to render a bill. This data would  
14 typically be generated by a subsystem of the originating carrier's toll billing  
15 system which would take the COS records excluded from toll billing to provide  
16 the source of information. This subsystem may generate individual call records or  
17 summary records of a day's activity that could be transmitted to the target  
18 exchange company or it may generate a report of that activity. This information  
19 would then be transmitted by paper, tape, or electronically to the terminating  
20 carrier.

21 Q. Will the terminating carrier be able to easily enter this data into its CABS to  
22 generate an access bill to the originating carrier?

1 A. In many cases this will not be an easy process. Most LEC CABS systems have  
2 tables that carry one set of access rates for two interstate (interLATA and  
3 intraLATA) and two intrastate jurisdictions. There is not normally an additional  
4 rate element table that could be used to include the rates excluding CCL (and  
5 including the "joint cost" rate element proposed by the OPC). Since the LEC has  
6 to continue to bill access to interexchange carriers in each of those four  
7 jurisdictions, rating the terminating COS at non-standard intrastate intraLATA  
8 rates may have to be done in a separate system or on a manual basis. Obviously  
9 this will be impacted by the individual telephone company's CABS capabilities  
10 and by the format in which it receives its data from the originating carrier.

11 Q. Can this process be reviewed, evaluated, planned, and implemented in a short  
12 time period?

13 A. In most cases it will not be a simple process and will likely take some time to  
14 accomplish. The cost and amount of time will depend on the individual  
15 company's billing system capabilities and the extent of modifications needed to  
16 correctly process calls under the proposed terminating scenario. The Commission  
17 should not be lead to believe that this is a process that can simply happen its  
18 decision to "Change COS from toll to local". It will take time and effort to  
19 implement a proposal to change COS to local service with a terminating  
20 compensation system.

21 Q. SWBT witness Bourneuf, in her rebuttal testimony, suggests that competitors will  
22 offer, and are offering, alternatives to COS and provides in Schedule 8 copies of a



1 recently filed MCI service that includes a return calling feature. Do you see this  
2 service as an acceptable alternative to COS?

3 A. No, I do not. Would a customer receive the necessary communications service  
4 using this offering? Yes. Does it include a return calling feature using an  
5 800/888 number? Yes. Is it being offered at a price that would be satisfactory to  
6 meet the community of interest calling needs that COS was designed to meet?  
7 Absolutely not. The usage based rates offered in these two tariffs, \$0.12 to \$0.15  
8 per minute for 1 plus dialed originating traffic and \$0.15 to \$0.25 per minute for  
9 return calling are generally higher than the intraLATA toll rates on COS routes.  
10 The cost of intraLATA toll was one of the primary reasons why customers  
11 initially and continually complained both to the Commission and to their  
12 legislators about the inadequacy of interexchange calling services until COS was  
13 implemented.

14 Q. Ms. Bourneuf suggests that the 800/888 provision of COS may not be feasible  
15 because Fidelity Telephone Company, one of the PTC's, does not currently  
16 provide Common Line 800 Service. Should this be a concern to the Commission?

17 A. No, it should not. On existing COS routes where Fidelity is involved, it is only in  
18 the position of being a target exchange to GTE petitioning exchanges. GTE  
19 would be the provisioning PTC on these routes and responsible for providing the  
20 800/888 access. In addition, Fidelity believes it has the technical capability to  
21 provide COS via the 800/888 provisioning method should that become a  
22 requirement for Fidelity in the future.

1 Q. SWBT witness Bourneuf cites statistics regarding COS subscribership in  
2 relationship to the total subscribers in the state and the total subscribers excluding  
3 the metropolitan exchanges to indicate that the service is used to "...benefit a very  
4 small number of very high users." Are these fair comparisons to make?

5 A. No, they are not. They do not recognize that there are other factors and other  
6 services offered in many of these areas that provide the types of service that COS  
7 provides. OPC witness Meisenheimer indicates that SWBT exchanges range in  
8 size from 4.1 square miles to over 400 square miles. The very size of the  
9 exchange boundaries may provide sufficient calling area size that service beyond  
10 the local calling scope is not needed to fulfill the calling needs that COS is  
11 intended to meet in the exchanges where it is offered. Customers in exchanges  
12 such as Joplin, St. Joseph, Columbia, Sedalia, and Jefferson City have their  
13 calling needs met within the boundaries of the local exchange. There are tens,  
14 probably hundreds, of thousands of customers outside the Metropolitan  
15 Exchanges but within the St. Louis, Kansas City, and Springfield metropolitan  
16 areas whose local exchange area is satisfied by the MCA calling scope. There are  
17 tens, possibly hundreds of thousands, of customers in outstate areas who have  
18 Extended Area Service available to meet the calling needs that COS also attempts  
19 to meet. SWBT, for example, offers EAS to one or more other exchanges in 107  
20 of its 161 exchanges outside the metropolitan areas. To compare COS  
21 subscription to statewide customer counts ignores the fact that COS is intended to  
22 be offered only in those situations where these other services have failed to meet  
23 the interexchange calling needs of certain customers.

1 Q. SWBT witness Bourneuf indicates that SWBT believes that the return calling  
2 average "...has been artificially and perhaps severely inflated..." by identified  
3 internet usage of calling in the "return" (target to petitioning exchange) direction.  
4 Do we have data to know that for certain?

5 A. No. There has been no study, to my knowledge, of the usage of COS by  
6 subscribers to access internet in the "originating" (petitioning to target exchange)  
7 exchange direction. Certainly one would anticipate that some callers with COS to  
8 larger exchanges such as Springfield, Kansas City, Joplin, Jefferson City,  
9 Columbia, St. Joseph, etc. are using COS to access internet providers in those  
10 target exchange areas. We do not know the volume of that traffic and whether it  
11 is greater or less than the traffic that is flowing from target to petitioning  
12 exchanges to access internet providers in the petitioning exchanges.

13 Q. May there be other factors that impact comparisons between the "originating" and  
14 "return" calling usage?

15 A. There may be. Telecommunications service users are quite creative and there may  
16 be circumstances that we are not aware of that impact the flow of traffic between  
17 these exchanges. For example, in reviewing my Schedule RCS-1 there are a total  
18 of 148 routes where the petitioning company is not served by SWBT. Seventeen  
19 of these routes have "return" calling greater than "originating" calling, several of  
20 these because of the presence of an internet provider in the petitioning exchange.  
21 Of the ten SWBT COS routes, [\*\*\*\*\*] have "return" calling greater than  
22 "originating" calling. At this time I don't know why the traffic is different for  
23 "return" calling for COS routes where SWBT serves the petitioning exchange

1 than it is for those COS routes where other companies serve the petitioning  
2 exchange.

3 Q. Was internet usage a factor that was considered when COS and MCA were  
4 implemented?

5 A. No, it was not. At that point in time, internet service was not being used by the  
6 public to any significant extent and its usage was not considered when these  
7 services were implemented either in terms of the financial impacts of the service  
8 or of any special tariff provisions that should be included in regard to internet.

9 Q. How does an internet provider use the local network to provide access to its  
10 internet service?

11 A. Typically, an internet service provider (ISP) purchases a group of local telephone  
12 numbers with trunk hunting capabilities between them and publishes a single  
13 number to its customers as the number to access its internet service. When the  
14 customer calls that number, the telephone company switch "hunts" through the  
15 group of lines to find an unused line and completes the call to that line. The ISP  
16 has a bank of modems with an individual modem attached to each line. The "far  
17 side" of the modem is typically connected to a router and other equipment which  
18 allows access to the internet service.

19 Q. What has been the primary motivation for some of the small companies which  
20 you represent to enter the internet business?

21 A. The primary motivation has been to provide services desired by the customers in  
22 their communities. The desire to provide these services primarily relates to  
23 strengthening the communities themselves by offering services which will help

1 encourage individuals to stay in the communities and will offer improved  
2 educational opportunities to citizens who live there. There has been a great deal  
3 of media and political attention given to providing internet service on a toll-free  
4 basis to rural areas of the state and country. These companies are trying to find a  
5 way to provide services in the areas they serve in a manner that they can at least  
6 break even. Most, if not all of the small companies that are providing internet  
7 access service are also providing local dial up access to school teachers and school  
8 administration personnel through a contract with MOREnet, allowing them  
9 needed access to the internet from their homes for educational purposes. Students  
10 use internet access to do research and retrieve files from their school's computer  
11 systems. Local businesses and government agencies use the internet to access  
12 state information.

13 Q. I infer from Ms. Smith's testimony that she sees companies being motivated to  
14 establish internet service because of the financial benefits they can derive. Do  
15 you believe that is the case?

16 A. No. While I have not gathered specific data regarding the profitability of these  
17 offerings, the general indication that I have gotten from my discussions about  
18 them is that they are not financially profitable.

19 Q. Are there competitors offering internet service in the exchanges your clients are  
20 involved in offering internet service?

21 A. In most of the communities where these companies are providing internet service  
22 there were no other ISPs at the time they implemented internet service. While  
23 other providers have begun providing internet service in a few of those

1 communities since these small telephone companies implemented internet, in  
2 most of them the telephone company remains the only internet provider. I view  
3 this as another indicator of the financial unattractiveness of providing internet  
4 service in these areas.

5 Q. MPSC Staff witness Smith and SWBT witnesses Bourneuf and Taylor indicate  
6 that it is their belief that some of the small companies are violating the COS tariff  
7 restrictions on "resale and sharing" of COS because they are selling COS to ISPs.  
8 Do you believe that this is a correct interpretation of this tariff provision?

9 A. No, I do not. I do not believe that use of COS by ISPs to connect end users with  
10 internet information services is a sharing or resale of COS by the ISP.

11 Q. How do you arrive at that conclusion?

12 A. It is my view that the ISP purchases the service, whether local, toll, or COS, in  
13 order to provide to its customers an access vehicle for them to purchase the  
14 internet information services that the provider offers. The ISP does not resell the  
15 telecommunications service to customers, it consumes those services to provide  
16 its customers access to the information services which it does sell. Similarly, the  
17 ISP does not share those communications services with its internet customer, it  
18 provides the use of those services as the vehicle by which the internet customer  
19 can gain access to the purchased internet services.

20 Q. Why do you believe SWBT witness Bourneuf concludes that ISPs providers are  
21 reselling or sharing COS?

22 A. I do not understand all the reasons, but it appears that part of this conclusion is  
23 based on what appears to be a misperception of internet service. For example, on

1 Page 9, Lines 13-15 she states, "The call is sent straight through the SC's network  
2 (not actually terminating to any COS end user subscriber) onto the Internet  
3 network, and from there to anyone, anywhere in the world." Further, on Page 36,  
4 Lines 12-14, she states, "When an SC or its affiliate subscribes to COS, but then  
5 allows end users to communicate with other end users over that service  
6 arrangement through the Internet, then the SC or its affiliate is not participating in  
7 the communication at all." In both these cases it appears that Ms. Bourneuf is  
8 assuming that the telecommunications service starts at the internet subscriber, and  
9 ends somewhere at the far end of the internet. I do not believe that is a realistic or  
10 appropriate view of most of today's uses of the internet.

11 Q. What do you believe is a more realistic scenario?

12 A. When an internet user accesses the ISP that call is terminated by the ISP, answer  
13 supervision is returned, and there is typically an exchange of information (an  
14 account number or name and a password) to verify that the user has a valid  
15 account with the ISP. The user is then given access to the wide variety of services  
16 available. Many of these services, such as e-mail, local "bulletin board" services,  
17 access to local "home pages" and "chat group" services are provided by the local  
18 ISP's equipment and no connection is made to the internet. Users can also request  
19 to be connected to the internet backbone network, over which they can extract  
20 information from other data bases or information services, access and/or  
21 participate in other "chat groups" or "bulletin board" services, download  
22 information from electronic publishing sources such as telephone directories, FCC  
23 or state commission orders, state commission agendas or tariffs, etc. It is

1 important to note that the internet is a separate and distinct network and that  
2 access to this network has to be permitted by the ISP's equipment after the call  
3 has been terminated locally. During the session there may be access given to a  
4 number of different providers. Primarily, I believe internet usage is directed  
5 towards accessing information services.

6 Q. Can you provide a definition of information services?

7 A. Yes. Such a definition is provided in the Telecommunications Act of 1996. It  
8 states:

9 "The term 'information service' means the offering of a capability for  
10 generating, acquiring, storing, transforming, processing, retrieving, utilizing, or  
11 making available information via telecommunications, and includes electronic  
12 publishing, but does not include any use of any such capability for the  
13 management, control, or operation of a communications system or the  
14 management of telecommunications service." (emphasis added) 47 USC  
15 §153(20)(1996)  
16

17 I believe that this clearly describes what the typical user of internet service is  
18 doing. Yes, the service is provided via telecommunications, but it involves the  
19 functions described in this definition that go far beyond telecommunications.

20 Q. Are you aware of any recent FCC orders where this distinction has been  
21 addressed?

22 A. Yes, in its recent order (FCC 97-157) in CC Docket #96-45 while addressing what  
23 services would be subject to paying the universal service assessment, the FCC  
24 dealt directly with this issue. It stated as follows:

25 "789. The office of Senator Stevens asserts that information services are  
26 inherently telecommunications services because information services are offered  
27 via "telecommunications." We observe that ISPs alter the format of information  
28 through computer processing applications such as protocol conversion and  
29 interaction with stored data, while the statutory definition of telecommunications



1 only includes transmissions that do not alter the form or content of the  
2 information sent. When a subscriber obtains a connection to an Internet service  
3 provider via voice grade access to the public switched network, that connection is  
4 a telecommunications service and is distinguishable from the Internet service  
5 provider's service offering. [emphasis added] The language in section 254(h)(2)  
6 also indicates that information services are not inherently telecommunications  
7 services. Section 254(h)(2) states that the Commission must enhance access to  
8 advanced telecommunications and information services. If information services  
9 were a subset of advanced telecommunications, it would be repetitive to list  
10 specifically information services in that subsection."  
11

12 Q. Do state statutes shed any light on this issue?

13 A. To a degree they do. Section 386.020(55) provides a definition of  
14 "telecommunications service." Specifically excluded from that definition are  
15 "electronic publishing services". While not all services offered over the internet  
16 are electronic publishing services, certainly many of them are. In such cases, Ms.  
17 Bourneuf's apparent assumption that internet use is a continuous  
18 telecommunications service from the internet user to the far end of the internet  
19 does not fit when electronic publishing services are being accessed.

20 Q. On Page 44 of Ms. Bourneuf's testimony she seems to imply that the small  
21 telephone companies should have known that ISPs are "aggregators" and that  
22 since the Commission's order and my testimony indicated that COS should not be  
23 made available to aggregators they should have known that it should not be  
24 available to ISPs. Do you agree with her position?

25 A. No, I do not. Missouri statutes define a traffic aggregator as "...any person, firm,  
26 partnership or corporation which furnishes a telephone for use by the public and  
27 includes, but is not limited to, telephones located in rooms, offices and similar  
28 locations in hotels, motels, hospitals, colleges, universities, airports and public or

1 customer-owned pay telephone locations, whether or not coin  
2 operated."§386.020(57) I do not believe that an ISP fits that definition. They  
3 provide internet information services to the public, purchasing local exchange  
4 telephone company telecommunications services to provide access to those  
5 information services.

6 Q. Can you summarize this portion of your testimony?

7 A. Yes. I believe that SWBT has misinterpreted the provisions of their tariff  
8 regarding sharing and resale of COS as it applies to use by ISPs. When an ISP  
9 subscribes to COS in a petitioning exchange, there is a COS end user subscriber,  
10 it is the ISP. That subscriber is not reselling that service to someone or sharing it  
11 with an end user, it is purchasing the service in order to provide access to its  
12 internet information service.

13 Q. Are small companies the only companies that have allowed an ISP to purchase  
14 COS in conjunction with lines purchased for providing access to internet service?

15 A. No. Mark Twain recently (March 11, 1997) ordered five B-1 lines from GTE in  
16 the Shelbyville exchange with trunk hunting capability and COS to GTE's  
17 Shelbina exchange. The service representative specifically asked if these lines  
18 were going to be used for internet access and Mr. Rohde confirmed that they  
19 were. The lines were installed later that month.

20 [Q. On page 32 of her testimony SWBT witness Bourneuf presents a hypothetical  
21 situation where a telephone company could misuse COS to enrich themselves by  
22 generating calls solely to generate access usage. She concludes this example by  
23 suggesting that similar motivation may have caused certain companies "to engage

1 in a different, but similarly problematic, misuses of COS." Could you respond to  
2 her example and its comparability to her criticisms of companies provision of  
3 internet service?

4 A. Yes, the way that these companies have chosen to implement internet service by  
5 locating the internet service in the petitioning exchange rather than the target  
6 exchange has helped to avoid a situation similar to the hypothetical scenario that  
7 Ms. Bourneuf presents. By locating the internet service location in the petitioning  
8 exchange, SWBT pays no terminating access on the actual terminating minutes  
9 from the target to the petitioning exchange because terminating access paid is  
10 based on minutes derived from the originating minutes times the T/O (terminating  
11 to originating) ratio.

12 Q. Mr. Taylor indicates on page 8 of his testimony that he is unsure whether SWBT  
13 pays Mark Twain for the Kirksville to Hurdland traffic. What is your response to  
14 Mr. Taylor's testimony?

15 A. I am quite surprised since Mr. Taylor goes on to admit that Mark Twain bills  
16 SWBT for terminating access based on a Terminating to Originating or T/O  
17 Factor. Perhaps his uncertainty comes from not knowing that these factors have  
18 not been adjusted since intraLATA access billing to the PTCs was implemented in  
19 1988. In fact, to my knowledge, the only LECs that bill and receive payment  
20 from SWBT for actual terminating traffic are the three Primary Toll Carriers,  
21 GTE, United, and Fidelity. In addition Citizens Telephone Company uses a T/O  
22 ratio that is adjusted quarterly based on recent actual data.

1 Q. Mr. Taylor seems to imply on pages 12 and 13 of his testimony that there was  
2 something "sinister" about Mark Twain's implementation of several COS routes  
3 implemented pursuant to an order from the Commission in September, 1995,  
4 because this occurred three months after the administrative process associated  
5 with accomplishing their access rate true-up and adjustment was completed. Is  
6 there any validity to this concern?

7 A. No, the access rate adjustment and true-up process was required by the  
8 Commission in its order in Case No. TO-92-306. Since Mark Twain implemented  
9 the Green Top to Kirksville COS route in May, 1993 the end of the period  
10 included in the true-up analysis was November, 1993, nearly two years before  
11 Mark Twain implemented additional routes in response to orders from the  
12 Commission. Mr. Taylor is apparently confusing the time when Mark Twain and  
13 SWBT actually agreed to the true-up (i.e. 1995) with the date when the true-up  
14 period actually ended.

15 Q. On page 33 of her testimony Ms. Bourneuf implies that small companies may not  
16 have applied the COS tariff because it was in their financial interest to do so.  
17 Further she suggests later that SWBT is the appropriate place to go to seek  
18 clarification of the correct tariff interpretation. While this may be appropriate in  
19 many situations, does SWBT always have the correct interpretation of its own  
20 tariff?

21 A. No. In its order in Case No. TC-96-112 the Commission recently found that  
22 SWBT had withheld access charges payments properly due to United Telephone  
23 Co. and had improperly interpreted the business relationship established in

1 SWBT's Radio Common Carrier (RCC) tariff with RCC providers. SWBT was  
2 found further to have not interpreted correctly the application of United's access  
3 tariff. So while SWBT may be a good source to understand its tariff, it may not  
4 be the final best one.

5 Q. Do tariffs always get written as they were intended to be written?

6 A. Unfortunately that is not always the case. There are times that in spite of good  
7 intentions, the actual wording of the tariff can be subject to different  
8 interpretations. That is obviously the case in this docket.

9 Q. Were you involved in the drafting and review of the COS tariff?

10 A. Yes. I participated in the implementation task force that helped prepare for the  
11 implementation of COS, OCA, and MCA. Members of that task force drafted the  
12 COS tariff language and it was reviewed several times, along with the OCA and  
13 MCA tariffs before the tariffs were filed with the Commission?

14 Q. Did the subject of multi-line hunt groups come up in those tariff reviews?

15 A. Yes, it did. It was discussed in relationship to all three tariffs. In both the OCA  
16 and the MCA tariffs the subject is specifically mentioned, although the treatment  
17 is somewhat different. The SWBT's OCA tariff states that "OCA is available to  
18 multiline customers on a per account basis only." The MCA tariff states that "In  
19 situations where a hunting arrangement between access lines is provided by the  
20 Telephone Company, no MCA line may be configured to hunt to a non-MCA  
21 line." This is consistent with the interpretation that SWBT is taking in regard to  
22 the COS offering. However, the subject of multi-line hunt groups is not  
23 specifically mentioned in the COS tariff and the prohibition, included in the MCA

1 tariff, which would support SWBT's interpretation is glaringly lacking in the COS  
2 tariff.

3 Q. Do you remember why it is not mentioned?

4 A. No, I don't specifically recall that. I do remember that the language regarding  
5 combined billing was specifically included because the methods generally used to  
6 implement combined billing cause the originating number on the toll record to be  
7 changed to the billing number. It was expected that most companies billing  
8 systems would make this change, thus treating all calls billed on a combined bill  
9 as if the calls had been made from the billing number and treated as COS calls if  
10 that number was a COS subscriber. Thus the tariff was written to require all  
11 numbers that were combined billed to subscribe to COS.

12 Q. Do Mark Twain, Kingdom, and Green Hills all recognize that when COS is  
13 provided using combined billing that COS should be billed for each line?

14 A. Yes, that is clear in the tariff and they each agree with that. Mark Twain and  
15 Green Hills have been doing combined billing. Through a combination of factors  
16 they have not, in the past, been billing all lines for COS, but they are in the  
17 process of correcting that. Green Hills indicates that this was corrected on a going  
18 forward basis in its May 10 billing and that a retroactive adjustment for prior  
19 months which were billed incorrectly to Green Hills Communications will be  
20 made in either the June 10 or July 10 billing. Mark Twain is in the process of  
21 correcting the going forward billing although an initial review of their June billing  
22 last Thursday (June 5) indicated that not all the problems were solved. It is still

1 gathering and verifying data prior to making a retroactive settlement with SWBT  
2 to correct any unbilled items. Kingdom has not been doing combined billing.

3 Q. Did Mr. Simon of Green Hills request clarification of the SWBT tariff regarding  
4 combined billing from SWBT?

5 A. No. At the time he responded to the SWBT data request he has indicated to me  
6 that he did not have a copy of the COS tariff readily available and was in the  
7 process of getting one. Within a few days of sending the data request, he obtained  
8 a copy of the tariff, reviewed it, and satisfied himself that his company had been  
9 incorrectly billing for one line on a combined bill rather than for each COS line.  
10 As I indicated earlier, a correction was made to the billing on a going forward  
11 basis in the May 10 billing.

12 Q. On pages 39 and 40 of SWBT Witness Bourneuf's testimony she challenges Mark  
13 Twain's explanation that part of the billing problems which they experienced are  
14 due to an error in their billing company's software. Can you shed additional light  
15 on this issue?

16 A. Yes. Attached as Schedule RCS-4 is a letter from Mid-America Computer Corp.,  
17 Mark Twain's billing agent, verifying that they did have restrictions in their  
18 system that would not allow billing of multiple COS rates and routes to one  
19 number and that these restrictions are being modified.

20 Q. SWBT witness Bourneuf, on page 43 of her testimony, alleges that SWBT has  
21 lost \$5 million in toll revenue from customers making COS calls rather than  
22 having these calls rated as toll calls. Can you comment on this assertion?

1 A. Yes. We have sought, via data request, to review the data used to calculate this  
2 alleged loss. At this time I cannot make any specific comments on the basis of the  
3 calculation of the loss. However, if the loss is defined as what revenue SWBT  
4 received from the use of COS as compared to the revenue that SWBT would have  
5 received had their alleged correct interpretation of the tariff been followed, I can  
6 say with certainty that the \$5 million number is not correct. If SWBT's alleged  
7 correct interpretation of the tariff had been followed, the internet service would  
8 not have been offered as it was, if at all. Most, perhaps all, of these calls would  
9 not have been made, and SWBT's revenue would likely have been only  
10 marginally different from what it actually was.

11 Q. SWBT witness Bourneuf complains about the responsiveness of the STCG to  
12 their data requests on page 46 of her testimony? Do you have any response?

13 A. Yes. The initial complete response to the SWBT data requests #1-#4 was sent on  
14 April 11, 1997, 21 days after the receipt of requests #1-3, and 18 days after the  
15 receipt of request #4. A revised response was sent on April 22, 1997 correcting  
16 some errors that had been discovered and updating the information to take into  
17 account information which Mark Twain had developed regarding their billing  
18 errors. A second revised response was sent on May 16, 1997 correcting a very  
19 few items that had been corrected as a result of an effort to provide COS access  
20 lines rather than subscriber counts. This second response primarily included a  
21 recalculation of the access revenues pursuant to a specific request by SWBT to  
22 calculate them in a different fashion. While this second update (primarily  
23 supplying newly requested information responding to a verbal request) was



1 provided "...nearly two months after the request was made..." (quoting Ms.  
2 Bourneuf) apparently the supplying of this data was an effort in futility since it  
3 appears that this data has not been used in SWBT's testimony.

4 Q. Could you provide additional information regarding Ms. Bourneuf's testimony on  
5 pages 47 and 48?

6 A. Yes, in regard to Case No. TO-95-436, Mark Twain received a letter from Mr.  
7 David Rauch, Executive Secretary of the Commission dated June 30, 1995  
8 indicating that a petition for the Philadelphia to Palmyra route had been received  
9 and docketed. This letter is attached as Schedule RCS-5. Mark Twain assumed  
10 that an order would be forthcoming to conduct a study and proceeded to instruct  
11 its billing vendor to complete the study. The study was completed on July 6,  
12 1995, the day before the Commission order was actually issued. Mr. Rohde  
13 should have responded that this study was done "in anticipation of" a Commission  
14 order.

15 In regard to Case No-96-23, Mr. Rohde has indicated to me that he should have  
16 stated that the study was performed pursuant to a verbal request by the Mayor of  
17 Hurdland. Mark Twain had received an order from the PSC in Case No. TO-95-  
18 414 dated June 21, 1995, directing a study of the Hurdland to Edina route based  
19 on a request to the PSC by the Mayor of Hurdland. Shortly thereafter the Mayor  
20 approached Mr. Rohde and indicated that he also wanted to determine whether the  
21 Hurdland to Kirksville route would also qualify. He indicated that he would be  
22 sending a letter to the Commission in the near future requesting that a study be  
23 performed on this route also. Based on this verbal indication of interest, Mark

1 Twain requested their billing company to complete this study as well as the  
2 Hurdland to Edina study required by the Commission's order.

3 Q. Does this conclude your testimony?

4 A. Yes.

5



**Commissioners**

**ALLAN G. MUELLER**  
Chairman

**KENNETH MCCLURE**

**PATRICIA D. PERKINS**

**DUNCAN E. KINCHELOE**

**HAROLD CRUMPTON**

**Missouri Public Service Commission**

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June 30, 1995

**DAVID L. RAUCH**  
Executive Secretary

**SAM GOLDAMMER**  
Director, Utility Operations

**GORDON L. PERSINGER**  
Director, Policy & Planning

**KENNETH J. RADEMAN**  
Director, Utility Services

**DANIEL S. ROSS**  
Director, Administration

**CECIL I. WRIGHT**  
Chief Hearing Examiner

**ROBERT J. HACK**  
General Counsel

**Mr. Bill Rohde**  
General Manager  
Mark Twain Rural Telephone Company  
Highway 6 East  
P.O. Box 68  
Hurdland, MO 63547

Re: Case No. TO-95-436

Dear Mr. Rohde:

This will acknowledge receipt of the petition from the citizens of Mark Twain Rural Telephone Company's Philadelphia exchange for Community Optional Service (COS) from Mark Twain Rural Telephone Company's Philadelphia exchange to General Telephone Company's Palmyra exchange.

The petitions have been filed in this office today as Case No. TO-95-436 and called to the attention of the Commission.

You will be informed when further action is taken in this matter.

Sincerely,

**David L. Rauch**  
Executive Secretary

DLR/db

cc: Office of the Public Counsel

Late-Filed  
Schedule RCS-5

# **MidAmerica Computer Corp.**

111 ADMIRAL DRIVE • BLAIR, NEBRASKA 68006 • 402-426-6222

TO WHOM IT MAY CONCERN:

This letter is to verify that Mid America Computer Corporation (MACC) did in fact have billing system restrictions that would not allow the billing of multiple COS rates and routes to one number.

We are in the process of making the changes requested by Mark Twain Rural Telephone and are assisting them in compiling the necessary call detail to effectuate settlement with their Primary Toll Carrier, Southwestern Bell Telephone.

Sincerely,



David A. Waite - Asst. V.P. & Director.  
Information Systems