

**BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI**

<b>In the Matter of the Petition of</b>	)	
<b>Alma Telephone Company</b>	)	
<b>for Arbitration of Unresolved</b>	)	<b>Case No. IO-2005-0468, et al.</b>
<b>Issues Pertaining to a Section 251(b)(5)</b>	)	<b>(consolidated)</b>
<b>Agreement with T-Mobile USA, Inc.</b>	)	

**DIRECT TESTIMONY**

**OF**

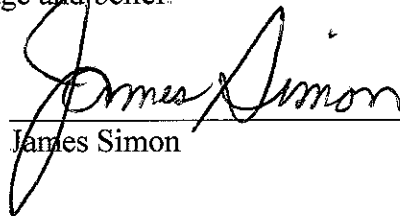
**JAMES SIMON**

Jefferson City, Missouri  
July 21, 2005

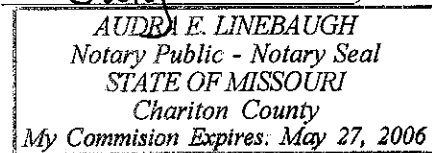
**AFFIDAVIT OF JAMES SIMON**

STATE OF MISSOURI       )  
                                      ) ss.  
COUNTY OF Macon       )

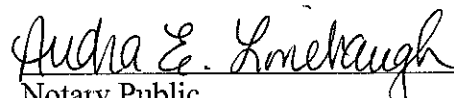
James Simon, of lawful age, on my oath states, that I have participated in the preparation of the foregoing direct testimony in question and answer form, consisting of 10 pages, to be presented in this case; that the answers in the foregoing testimony were given by me; that I have knowledge of the matters set forth in such answers; and that such matters are true to the best of my knowledge and belief.

  
James Simon

Subscribed and sworn to before me this 14th day of  
July, 2005.



My Commission Expires:  
May 27, 2006

  
Notary Public

1    **Q.     Please state your name, capacity, and business address.**

2    A.     My name is James Simon. I am the general manager for Petitioner Chariton  
3    Valley Telephone Corporation (Chariton Valley). My business address is 109 Butler  
4    Street, Macon, MO 63552.

5    **Q.     On whose behalf are you testifying.**

6    A.     I am testifying on behalf of petitioner Chariton Valley Telephone Corporation  
7    (Chariton Valley).

8    **Q.     What topics will you address in this testimony?**

9    A.     In this testimony I will address the amounts of past T-Mobile traffic terminating  
10   to Chariton Valley, traffic studies identifying the jurisdictional proportions of T-Mobile  
11   traffic, the rates applicable to such traffic, the amount of compensation due Chariton  
12   Valley, and my views as to whether Chariton Valley should be responsible to compensate  
13   T-Mobile for landline to mobile traffic provisioned by interexchange carriers (IXCs).

14         Mr. Schoonmaker will be presenting cost support for the prospective intraMTA  
15   rate, and will also address whether mobile to landline IXC carried traffic is properly  
16   reciprocal compensation traffic.

17   **Past Traffic**

18   **Q.     What amount of T-Mobile traffic does Chariton Valley show as being**  
19   **uncompensated?**

20   A.     1,273,055 minutes of use.

21   **Q.     What period did that traffic terminate?**

22   A.     This traffic terminated between February 5, 1998 and May 17, 2005.

23   **Q.     Why were those dates selected?**

1 A. February 5, 1998 was selected because that is the date SBC was allowed to stop  
2 paying terminating compensation to small rural ILECs for such traffic. May 17, 2005  
3 was selected because it was the most recent billing period used in the negotiations with  
4 T-Mobile prior to filing the arbitration petition.

5 **Q. What records was this traffic volume taken from?**

6 A. For 1998 to the summer of 2004, we used SBC provided Cellular Terminating  
7 Usage Summary Records (CTUSRs). After SBC terminated the CTUSR, we have used  
8 electronic records SBC provides to us. Both types of record identified the T-Mobile  
9 traffic by volume, but not by call jurisdiction. On a monthly basis Chariton Valley  
10 converted the SBC provided information into invoices which have been billed to T-  
11 Mobile, but which have not been paid.

12 **Jurisdiction of Traffic**

13 **Q. Have you performed traffic studies to determine the proportions of traffic**  
14 **that are interMTA and intraMTA in jurisdiction?**

15 A. Yes. We were ordered to do so for all wireless carriers in TC-2002-57, and  
16 complied.

17 **Q. With respect to T-Mobile, what did your traffic study reveal?**

18 A. The traffic study, attached hereto as Attachment 1 HC, showed that for the two  
19 months of November and December of 2001, Chariton Valley received 5,308 T-Mobile  
20 calls, and 73 percent of the traffic volumes were interMTA.

21 **Q. Have you done a more recent study?**

22 A. No. It is a laborious undertaking. There has been no request to perform another  
23 since then.

1    **Q.     In TC-2002-57 did T-Mobile directly contradict this traffic study?**

2    A.     I was not a witness present at that hearing. Counsel reports that T-Mobile did not  
3    retain traffic information, and had no traffic records or study contradicting Chariton  
4    Valley's study. Counsel reports T-Mobile did challenge the validity of the study.

5    **Q.     Has the Commission ever accepted the validity of a traffic study such as this**  
6    **one?**

7    A.     Yes, in its January 27, 2005 Report and Order in TC-2002-1077, the Commission  
8    approved the same type of traffic study performed by Mark Twain Rural Telephone  
9    Company and T-Mobile, even though the study resulted in a higher interMTA traffic  
10   percentage than the parties agreed to.

11   **Q.     Why in your arbitration petition did you request that an interMTA factor of**  
12   **26%, instead of 73%, be approved?**

13   A.     These negotiations were initiated prior to the Commission's January, 2005  
14   decision in TC-2002-1077 accepting the validity of Mark Twain's traffic study. The  
15   negotiations were also initiated prior to the FCC's February, 2006 Decision rejecting T-  
16   Mobile's request to declare the application of state tariffs to wireless traffic unlawful<sup>1</sup>.  
17   Chariton Valley had previously settled with other wireless carriers, and as I understand  
18   the system Chariton Valley is obligated to make the terms available to other carriers. In  
19   the negotiations Chariton Valley had already made traffic proportion and rate offers that  
20   were less than what these decisions later indicated we were entitled to. It is my

---

<sup>1</sup> See the February 17, 2005 Declaratory Ruling regarding T-Mobile's Petition for Declaratory Ruling Regarding Incumbent LEC Wireless Termination Tariffs, CC Docket No. 01-92, In the Matter of Developing a Unified Intercarrier Compensation Regime

1 understanding of the negotiation and arbitration rules that it would not have demonstrated  
2 good faith to have negotiated “upwards” after those decisions.

3 **Q. Is Chariton Valley willing to accept an interMTA factor of 26%?**

4 A. Yes, that is what we offered prior to arbitration.

5 **Q. Of the interMTA traffic, what interstate and intrastate proportions are you**  
6 **requesting?**

7 A. That 80% of the interMTA traffic be rated at intrastate rates, and 20% be rated at  
8 interstate rates.

9 **Q. Why do you propose these proportions?**

10 A. These are the proportions that had been agreed to with Cingular, Sprint PCS,  
11 Alltel, and US Cellular. We offered the same to T-Mobile. When you review the  
12 interMTA traffic identified in the study, Attachment 1HC, the proportion of interstate  
13 seconds to total seconds is 15.9%. Using an interMTA percentage greater than that  
14 shown in the study will financially benefit T-Mobile.

15 **Q. Is Chariton Valley willing to use the 26.0% interMTA factor, and the 80/20**  
16 **intrastate/interstate proportions of interMTA traffic prospectively in the Traffic**  
17 **Terminating Agreement?**

18 A. Yes.

19 **Rates to Apply**

20 **Q. What rates are you requesting be applied to this past traffic?**

21 A. Terminating intrastate access rates should be applied to terminating intrastate  
22 interMTA traffic. Chariton Valley’s tariffed rate is \$0.078859 per minute. Terminating  
23 interstate access rates should be applied to terminating interstate interMTA traffic.

1 Chariton Valley's tariffed rate is \$0.014414 per minute. With respect to intraMTA  
2 traffic, Chariton Valley requests that a "compromise" rate of \$0.05693 per minute be  
3 awarded.

4 **Q. Please explain this "compromise" rate?**

5 A. We used a "compromise" rate analysis to settle with Cingular, Sprint PCS, Alltel,  
6 and US Cellular. These were done prior to the FCC decision upholding the application of  
7 state tariffs to wireless traffic terminating in the absence of an agreement. The  
8 compromise rate was a compromise between the agreement's 3.5 cent intraMTA rate and  
9 access rates applicable to wireless traffic terminating prior to the agreement. We offered  
10 it to T-Mobile as well. Actually, because T-Mobile is the last wireless carrier to  
11 complete, the "compromise rate we offered to T-Mobile may be lower than the ones used  
12 with the other wireless carriers. It represents a "splitting of the difference between the  
13 3.5 cent intraMTA<sup>2</sup> rate and our 7.8859 cent intrastate rate.

14 **Compensation Due**

15 **Q. Taking these rates and traffic jurisdictions, how much is Chariton Valley**  
16 **requesting that T-Mobile pay for this past traffic?**

17 A. The total is \$78,466.00.

18 **Q. If Chariton Valley assumed that both the Commission's decision regarding**  
19 **traffic studies and the FCC's decision upholding state tariffs applied, what would**  
20 **the total amount due for this past traffic be?**

---

<sup>2</sup> T-Mobile and other CMRS providers have agreed to a 3.5 cent rate in about 60 agreements with small rural ILECs. See Attachment 2 hereto.

1 A. If you rate 80 percent of the traffic at intrastate access rates, and 20% at interstate  
2 access rates, T-Mobile would owe Chariton Valley \$83,982. I believe Chariton Valley's  
3 request that \$78,466 be awarded is reasonable.

4 **Landline to Mobile IXC Traffic**

5 **Q. In its response to the arbitration petition, T-Mobile claims Chariton Valley**  
6 **should be responsible to pay T-Mobile reciprocal compensation when Chariton**  
7 **Valley customers make a 1+ call to call a T-Mobile customer. Do you agree?**

8 A. No. T-Mobile has chosen to directly interconnect with SBC, and send its traffic  
9 to Chariton Valley indirectly. Without a T-Mobile facility connected to Chariton Valley,  
10 Chariton Valley does not offer its subscribers the ability to dial T-Mobile customers on a  
11 "local" basis. Chariton Valley does not own the facilities to do this, does not desire to  
12 purchase the use of other carriers' facilities, and therefore does not offer T-Mobile  
13 NPA/NXXs as part of the local calling scope of Chariton Valley local subscribers.

14 Chariton Valley local subscribers must dial a "1+" in order to reach T-Mobile  
15 customers. As an ILEC under federal and state rules, Chariton Valley is required to route  
16 all such "1+" calls to the facilities of the customers chosen interexchange carrier (IXC).  
17 These calls are the provisioning and compensation responsibility of the chosen IXC, not  
18 Chariton Valley. The IXC gets the end user revenue, pays Chariton Valley originating  
19 compensation, and to my understanding is obligated to pay T-Mobile terminating  
20 compensation.

21 It is the IXC, not the LEC, that is deemed to have "originated" such calls, and  
22 pays Chariton Valley for using Chariton Valley facilities to originate the call.

1    **Q.     T-Mobile characterizes this as a situation where Chariton Valley is**  
2    **attempting to exempt itself from reciprocal compensation obligations by choosing to**  
3    **send calls Chariton Valley originates but then sends to an intermediate carrier. Do**  
4    **you agree?**

5    A.     No. Chariton Valley is not required to provide local calling that includes the  
6    expense of purchasing other carriers' facilities. Chariton Valley's tariffs determine its  
7    customer's local calling scope. The local NPA NXXs do not include T-Mobile numbers.  
8    Our rate structure is based upon local calling within the areas set forth in Chariton Valley  
9    tariffs.

10        If receiving reciprocal compensation for these calls is important to T-Mobile, T-  
11    Mobile should do what it did with larger ILECs such as SBC. It should order and provide  
12    a direct connection to Chariton Valley facilities. Calls going to T-Mobile would  
13    thereafter not have to leave Chariton Valley exchange facilities, and could be delivered to  
14    T-Mobile as locally dialed calls without having to be routed to interexchange facilities.

15   **Q.     Do you believe T-Mobile is losing compensation rights if this traffic is not**  
16   **reciprocal compensation traffic?**

17   A     No. It is my understanding that the IXC delivering these calls to T-Mobile is  
18   obligated to compensate T-Mobile, so T-Mobile should be receiving intercarrier  
19   compensation for this traffic. I believe it is also true that T-Mobile gets paid by its end  
20   users for receiving these calls. If Chariton Valley were responsible to pay reciprocal  
21   compensation as well, you could argue T-Mobile is getting paid three times for this  
22   traffic; twice by intercarrier compensation and once by end user compensation.

1    **Q.**    **Does that conclude your direct testimony?**

2    **A.**    **Yes.**

CHARTON VALLEY TELEPHONE COMPANY  
T-MOBILE USA, INC.

USAGE PERIOD: 2001 (November 1 - December 31, 2001)

Note: The shaded areas (in grey) are InterMTA numbers.

*Highly Confidential*

ORIG. NPANXX	ORIG MTA	CO TYPE	CITY	ST	LATA	OCN CODE & NAME	CALLS	SECONDS	TERMINATING SECONDS TO			TOTAL INTERMTA SECONDS
									19	34		
303931	22	65	DENVER	CO	656	6529 T-MOBILE USA, INC.	3	8,113.00				8,113
314537	19	65	ST LOUIS	MO	520	6529 T-MOBILE USA, INC.	4	5,723.00	5,166.00			557.00
314680	19	65	ST LOUIS	MO	520	6529 T-MOBILE USA, INC.	2	2,611.00	1,330.00			1,281.00
316461	46	65	WICHITA	KS	532	6529 T-MOBILE USA, INC.	1	18,153.00	18,153.00			18,153.00
316993	46	65	WICHITA	KS	532	6529 T-MOBILE USA, INC.	1	230.00				230
402560	45	04	Lincoln	NE	958	5034 Western Wireless, NE	1	171.00	171.00			171.00
417619	19	65	Springfield	MO	522	6701 Aerial Communications	1	50,110.00	50,110.00			50,110.00
480688	7	65	GRANDPRARI	TX	552	6529 T-MOBILE USA, INC.	7	10,021.00	10,021.00			10,021.00
512947	7	65	AUSTIN	TX	558	6529 T-MOBILE USA, INC.	1	224.00	224.00			224.00
515771	32	65	DES MOINES	IA	632	6529 T-MOBILE USA, INC.	1	2,010.00	2,010.00			2,010.00
580402	41	65	ENID	OK	536	6529 T-MOBILE USA, INC.	3	17,321.00	17,321.00			17,321.00
620757	34	65	Emporia	KS	532	6701 Aerial Communications	4	56,821.00	46,496.00			10,325.00
660221	34	65	SEDALIA	MO	524	6701 AERIAL COMMUNICATIONS	307	936,052.00	299,797.00			636,255.00
660229	34	65	MARSHALL	MO	524	6701 AERIAL COMMUNICATIONS	705	2,954,103.00	638,019.00			2,316,084.00
660232	34	65	LEXINGTON	MO	524	6701 AERIAL COMMUNICATIONS	1	2,112.00	2,112.00			2,112.00
660525	34	65	CLINTON	MO	524	6701 AERIAL COMMUNICATIONS	36	131,328.00	128,594.00			2,434.00
660528	34	65	MARYVALE	MO	524	6701 AERIAL COMMUNICATIONS	24	107,517.00	50,944.00			54,573.00
660909	34	65	WARRENSBG	MO	524	6701 AERIAL COMMUNICATIONS	620	3,488,201.00	1,786,286.00			1,702,915.00
719231	22	67	Colorado Spg	CO	658	6529 T-Mobile USA, Inc.	1	3,055.00	3,055.00			3,055.00
719940	22	04	Lamar	CO	658	5025 Western Wireless Co.	1	205.00	205.00			205.00
720937	22	65	Denver	CO	656	6529 T-Mobile USA, Inc.	1	1,127.00	1,127.00			1,127.00
727251	13	65	Cleaver	FL	952	6701 Aerial Communications	1	270.00	270.00			270.00
785313	34	04	Mannattan	KS	534	5028 Western Wireless - KS	1	241.00	241.00			241.00
785418	34	65	OTLAWA	KS	534	6701 AERIAL COMMUNICATIONS	19	132,642.00	121,962.00			10,680.00
785969	34	65	Topeka	KS	534	6701 Aerial Communications	32	1,653,861.00	118,327.00			1,535,534.00
785979	34	65	LAWRENCE	KS	534	6701 AERIAL COMMUNICATIONS	46	313,848.00	93,531.00			220,317.00
808429	47	65	Honolulu	HI	834	6529 T-Mobile USA, Inc.	4	10,539.00	10,539.00			10,539.00
816217	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	60	286,986.00	201,426.00			85,560.00
816248	34	65	St. Joseph	MO	524	6701 Aerial Communications	3	27,288.00	16,692.00			10,596.00
816258	34	65	HARRISONVL	MO	524	6701 AERIAL COMMUNICATIONS	29	153,021.00	12,616.00			120,385.00
816263	34	65	ODESSA	MO	524	6701 AERIAL COMMUNICATIONS	195	816,133.00	764,313.00			764,313.00
816267	34	65	OAK GROVE	MO	524	6701 AERIAL COMMUNICATIONS	7	5,918.00	5,918.00			5,918.00
816405	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	185	1,148,999.00	706,683.00			442,316.00
816419	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	239	1,442,576.00	1,293,027.00			149,549.00
816456	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	149	1,021,414.00	291,281.00			728,133.00
816517	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	279	11,294,772.00	11,211,379.00			83,393.00

816529	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	68	299,125.00	271,316.00	27,809.00	271,316.00
816616	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	194	510,656.00	369,616.00	141,040.00	369,616.00
816617	34	65	ST JOSEPH	MO	524	6701 AERIAL COMMUNICATIONS	293	2,935,200.00	2,731,286.00	203,914.00	2,731,286.00
816682	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	113	616,600.00	346,893.00	269,707.00	346,893.00
816694	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	94	433,368.00	316,897.00	126,471.00	306,897.00
816699	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	204	1,870,763.00	1,509,083.00	361,680.00	1,509,083.00
816716	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	254	1,165,403.00	412,817.00	552,586.00	612,817.00
816726	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	170	1,321,989.00	1,010,936.00	311,053.00	1,010,936.00
816739	34	65	KANSAS CITY	MO	524	6701 AERIAL COMMUNICATIONS	180	1,139,221.00	1,055,534.00	83,687.00	1,055,534.00
817501	7	65	ARLINGTON	TX	552	6529 T-MOBILE USA, INC.	7	26,651.00	26,651.00		26,651.00
913206	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	97	797,067.00	36,564.00	760,703.00	36,564.00
913244	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	67	409,089.00	324,780.00	84,309.00	324,780.00
913271	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	26	83,387.00	58,693.00	24,694.00	58,693.00
913306	34	65	LEAVENWTH	KS	524	6701 AERIAL COMMUNICATIONS	12	364,366.00		364,366.00	
913406	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	159	881,058.00	889,547.00	11511	869,547.00
913636	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	99	811,458.00	787,401.00	24,057.00	787,401.00
913709	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	32	159,201.00	147,608.00	11,593.00	147,608.00
913710	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	2	6,290.00		6,290.00	
913731	34	65	OSAWATOMIE	KS	524	6701 AERIAL COMMUNICATIONS	20	201,547.00	201,547.00		201,547.00
913963	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	106	951,656.00	946,323.00	5,333.00	946,323.00
913980	34	65	KANSAS CITY	KS	524	6701 AERIAL COMMUNICATIONS	137	1,268,477.00	1,247,033.00	21,444.00	1,247,033.00
TOTALS:							5,308	42,357,288	30,843,291	11,513,997	30,796,866

Total InterMTA % =

73%

*Tightly  
Confidential*