

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS

HEARING

January 26, 2001

Jefferson City, Missouri

Volume 5

In the Matter of the Investigation)
into Signaling Protocols, Call Records) Case No.
Trunking Arrangements, and Traffic) TO-99-593
Measurement.)

BEFORE :

LEWIS R. MILLS, JR. Presiding,
DEPUTY CHIEF REGULATORY LAW JUDGE.
SHEILA LUMPE, Chair
ROBERT G. SCHEMENAUER,
KELVIN SIMMONS,
CONNIE MURRAY,
M. DIANNE DRAINER, Vice-Chair
COMMISSIONERS.

REPORTED BY:
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7 Cass County Telephone Company.
Citizens Telephone Companies of Higginsville,
8 Missouri, Inc.
Craw-Kan Telephone Cooperative, Inc.
9 Ellington Telephone Company.
Farber Telephone Company.
10 Fidelity Telephone Company.
Goodman Telephone Company, Inc.
Granby Telephone Company.
11 Green Hills Telephone Corp.
Holway Telephone Company.
12 IAMO Telephone Company.
Kingdom Telephone Company.
13 KLM Telephone Company.
Lathrop Telephone Company.
14 Le-Ru Telephone Company.
Mark Twain Rural Telephone Company.
15 McDonald County Telephone Company.
Miller Telephone Company.
16 New Florence Telephone Company.
Oregon Farmers Mutual Telephone Company.
17 Ozark Telephone Company.
Peace Valley Telephone Company.
18 Rock Port Telephone Company.
Seneca Telephone Company.
19 Steelville Telephone Company.

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A P P E A R A N C E S (CONT'D)

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1 JUDGE MILLS: We're back on the record in
2 TO-99-593. I believe where we left off, we were ready for
3 questions from the Bench for Mr. Hughes.

4 THOMAS F. HUGHES, having been sworn, testified as follows:

5 QUESTIONS BY JUDGE MILLS:

6 Q. I have just a few questions, Mr. Hughes, and
7 you've heard them all before. I'll ask them again. In
8 Mr. Cowdrey's testimony, you're aware that he proposes a
9 50/50 split. Are you familiar with that proposal?

10 A. Yes, I am.

11 Q. And what's your response to that?

12 A. I think that is certainly a proposal that the
13 Commission should consider. I believe, first, however, it
14 would be appropriate to utilize the HP System, the Access 7
15 System that both Sprint and Southwestern Bell have indicated
16 that they either have deployed or are in the process of
17 deploying to determine how that may help resolve this issue.

18 As I mentioned yesterday, it's our position
19 that companies that terminate calls should be compensated
20 for terminating those calls and that the parties in the
21 industry should work together to ensure that, in fact, those
22 parties are compensated.

23 That being said, if we go down the path of
24 having some type of split or incentive, if you will, to find
25 out who the originating carrier is, I think it's also

1 important that the Commission consider a threshold.

2 As testimony's been given on both sides, you
3 know, any records process probably isn't going to be perfect
4 and there probably is margin for error on both sides. With
5 the terminating records specifically, we've heard testimony
6 regarding the possibility that they could bill for MCA
7 traffic or interstate traffic that's really at intrastate
8 rates, so there's some possibility on that side as well.

9 But from a perspective of just a 50/50 split,
10 it definitely would provide incentive for the companies to
11 work together -- both companies to work together, not just
12 one side take all the risk.

13 Q. I think you started your answer by saying we
14 probably ought to wait until the HP Access 7 System has had
15 a chance to prove itself or not prove itself. What kind of
16 a time period are you talking about?

17 A. We have the system deployed in the STPs, which
18 is the critical point. We're in the process of rolling it
19 out ubiquitously across the network. What that entails is
20 testing and turn up on our side to ensure that it's running
21 properly and we're able to generate the appropriate reports
22 in all the switches.

23 As was mentioned yesterday, the system is
24 being used in some of our other states in conjunction with
25 trying to identify traffic. And some of the bumps that

1 we've hit in the road in those states will be smoothed out
2 once we get it fully deployed in Missouri. We anticipate
3 having the turn-up completed in the second quarter and then
4 go into a testing phase after that.

5 Q. Okay. So how long is the testing phase?

6 A. I don't know specifically. We're probably
7 looking at a period of six to nine months before we'd have
8 it fully deployed.

9 Q. Okay. And is Sprint ahead of you or behind
10 you?

11 A. I don't know.

12 Q. Okay. So realistically to find out whether
13 the HP System can really track down some of the missing --
14 some of the missing links, as it were, we're talking at
15 least a year?

16 A. Well, I think as the test indicated, the
17 system was very helpful in closing the gap on the
18 unidentified traffic. We were able to use the system, from
19 Southwestern Bell's perspective, and we think the gap of
20 unidentified traffic is a lot smaller than it was initially.

21 Obviously the Local Plus records situation on
22 our side created some of the gap in the records test, so we
23 were able to find that with the HP System. We think that's
24 a good idea of -- a good demonstration of what the system
25 can do.

1 I think it's also important that the
2 Commission understand the significant investment that we
3 have made. We've spent over \$26 million on this system to
4 date. So it's a system that we're committed to using. We
5 think it will help the entire industry resolve this issue.

6 Q. Now, have you done any calculations to
7 determine the cost of implementing the small LEC's proposal?

8 A. Not as of yet. I think there are four areas,
9 however, that we would incur cost. The first one is in the
10 business relationship concept. We would be the responsible
11 party for all the traffic that goes across our tandem that
12 terminates to the third-party ILEC. That certainly has a
13 cost to it. Not sure today what that cost would be, but
14 it's clearly a greater cost than just of those calls that
15 our end-users originate.

16 The second area where there would be cost is
17 in our systems. We're not set up today to bill based upon
18 terminating records. And if we go to that approach, we
19 would have to modify our billing system to ensure that we
20 could collect monies from customers, in this case, carriers
21 whose retail end-users originated the call, and they're the
22 ones that have that retail relationship with the end-user.

23 The third area is we would have to update our
24 tariffs. There would be a cost associated with that. How
25 big that would be probably depends on how much controversy

1 would be associated with updating those tariffs.

2 And the fourth area is we would have to update
3 all of our interconnection agreements. We have over 100.
4 Some of them are being renegotiated as we speak. Others
5 have lives that will go out for years. In the case of the
6 proposed M2A, once it's approved at this Commission and the
7 FCC, it will have a life of four years. So it's possible we
8 may not be able to get out from underneath some of those
9 agreements and recover our costs from this for quite a
10 lengthy period of time.

11 Q. Now, finally, Southwestern Bell has taken a
12 position that the business relationship issue isn't really
13 even a proper issue in this case. How do you respond to the
14 question that since all the parties, the former PTCs, the
15 small LECs are here in this proceeding, why isn't it
16 judicially efficient to go ahead and address the business
17 relationship issue now?

18 A. We don't agree that all the parties are here.
19 From the third-party ILEC's perspective, all the parties are
20 here because they would have us be responsible for all the
21 traffic that originates and comes down through our tandem
22 and transport or transits to them. So from their
23 perspective, all the parties are here.

24 There's been lots of testimony in this case on
25 both sides that the CLECs and the wireless carriers at a

1 minimum, possibly even the interexchange carriers, are
2 originating traffic that ultimately terminates to the
3 third-party ILECs.

4 In that case, those parties clearly are not
5 present here and they would be impacted by virtue of the
6 fact that, one, we'd have to update our tariff; and, two,
7 we'd have to update our interconnection agreements. So we
8 do not believe all the parties are here.

9 In addition, the proposal that the third-party
10 ILECs are putting forth, this business relationship concept,
11 is similar to the former PTC arrangement. And the
12 Commission noted in its prior PTC order that this type of
13 arrangement was incompatible in a competitive environment.

14 JUDGE MILLS: That's all the questions we have
15 from the Bench. We'll do a round of cross-examination based
16 on those questions in the same order we did the original
17 cross-examination beginning with Verizon.

18 MR. FISCHER: No questions.

19 JUDGE MILLS: Sprint?

20 MR. MINNIS: No questions.

21 JUDGE MILLS: Public Counsel is not here.

22 Staff?

23 MR. KRUEGER: No questions.

24 JUDGE MILLS: Small Telephone Company Group?

25 MR. ENGLAND: Yes, sir.

1 FURTHER CROSS-EXAMINATION BY MR. ENGLAND:

2 Q. Good morning, Mr. Hughes.

3 A. Good morning, Mr. England.

4 Q. I'll try to be brief. Where in the

5 Commission's order did it determine that the business

6 relationship under the PTC plan was incompatible with a

7 competitive environment? And when I say "business

8 relationship," I'm talking about the billing from

9 terminating records as we do for Feature Group D traffic.

10 A. I don't believe it used the term "business

11 relationship." And I don't have the order here in front of

12 me, but the order -- and I'm probably paraphrasing it, not

13 an exact quote, says that the PTC plan is incompatible in a

14 competitive market or environment, something along those

15 lines.

16 Q. Wasn't one of the key features of the PTC plan

17 was that we delivered all 1-plus traffic to our respective

18 PTCs?

19 A. Are you saying that the small -- the secondary

20 carriers delivered all the 1-plus traffic? Yes.

21 Q. Okay. Let me hand you the Report and Order

22 from TO-99-254, and take a minute. And I'd appreciate it if

23 you could point me to the passage or language you believe

24 that indicates that the business relationship that we're

25 talking about here is incompatible with the competitive

1 environment.

2 A. What I'm referring to, Mr. England, is on
3 page 8.

4 Q. If it's not too lengthy, could you read it,
5 please?

6 A. Yes. From the Report and Order Case
7 No. TO-99-254, and the exact sentence that I'm referring to
8 is, The Commission finds that the PTC plan is incompatible
9 with competition. As I mentioned, I don't -- I don't
10 believe they specifically in this document used the term
11 "business relationship."

12 Q. Thank you, sir. In one of your responses to
13 Judge Mills, you indicated that not all parties that are
14 necessary for purposes of altering this business
15 relationship are here in this proceeding today. Right?

16 A. From our perspective, that's true.

17 Q. But they were given notice of the proceeding,
18 were they not?

19 A. I believe that to be a true statement.

20 Q. Now, one of the costs of implementing the
21 business relationship that you identified for Judge Mills
22 was the fact that you, Southwestern Bell, were not set up to
23 bill from terminating records. Correct?

24 A. That's correct.

25 Q. You understand our proposal wouldn't require

1 you to bill from terminating records, that you could
2 continue to exchange originating records as you have always
3 done?

4 A. I -- I do understand that your proposal allows
5 us to bill the carrier who truly originates the call any way
6 that we propose, but if we're going to go to a system
7 whereby we are responsible whether or not we, being our
8 end-users, originated a call, we certainly would have system
9 changes in order to bill the carrier who did originate the
10 call, because currently our system is not set up to bill
11 those carriers.

12 Q. Well, you bill them today for transiting
13 charges, don't you?

14 A. We do bill them for transiting or transport
15 charges.

16 Q. It's just a matter of adding another line item
17 to the bill, isn't it?

18 A. Potentially. But I think, as you're aware and
19 as your clients are aware, system changes to information
20 technologies are not -- are not cheap and they are timely.

21 Q. Would it be as costly as 26 million to deploy
22 this HP System?

23 A. I don't -- I don't know what the cost would
24 be.

25 Q. And you recognize that you could continue to

1 bill from originating records even though you may have to
2 bill these originating carriers more than you're currently
3 billing them today; is that right?

4 A. Potentially we could continue to use
5 originating records.

6 MR. ENGLAND: Thank you, sir. No other
7 questions.

8 JUDGE MILLS: Thank you.

9 Mr. Johnson?

10 FURTHER CROSS-EXAMINATION BY MR. JOHNSON:

11 Q. Would you agree with me, Mr. Hughes, that when
12 the Commission determined that the PTC plan was incompatible
13 with the competitive environment, what they were referring
14 to was that provision of the PTC plan that required the
15 secondary carriers to deliver all 1-plus traffic to their
16 PTCs because that was inconsistent with the requirement of
17 intraLATA toll dialing parity?

18 A. I certainly think that was an aspect of it,
19 but there were other issues in that case that we raised as
20 far as the fact that we had to pay all the compensation for
21 the traffic.

22 Q. And would you tell me specifically which types
23 of carriers are not here in this case which you feel should
24 be parties?

25 A. At a minimum, CLECs, wireless carriers, and I

1 believe potentially interexchange carriers.

2 Q. And you say they should be here in this case
3 because the structure of your interconnection agreement or
4 your wireless tariff is inconsistent with the business
5 relationship the Small Companies are proposing; is that
6 correct?

7 A. The business relationship that you are
8 proposing, and Witness Schoonmaker indicated that he thought
9 it would be appropriate for us to recover that cost of
10 terminating the call. And currently we don't have that
11 framework in place either in our tariffs -- wireless
12 tariffs, access tariffs or our interconnection agreement.

13 Q. When you were negotiating your interconnection
14 agreements and those agreements addressed transit traffic,
15 as you call it, destined to the Small Companies, did you
16 invite the Small Companies as necessary parties to your
17 interconnection agreement negotiations?

18 A. No, we did not.

19 Q. Your M2A, as I understand it, that's a
20 standard form of interconnection agreement?

21 A. Yes. It's a 271 agreement that we're offering
22 during our 271 proceeding.

23 Q. Does that agreement contain any indemnity
24 rights for Southwestern Bell if it gets charged access from
25 third-party LECs, if you will, that it can recoup those

1 charges from upstream carriers that sign off on this
2 interconnection agreement?

3 A. I don't believe so.

4 Q. And is it that difficult to put that type of
5 language in it?

6 A. At this point in that particular agreement, we
7 have made a proposal to the Commission and we're not
8 intending to modify that proposal. So at this point if the
9 Commission would adopt it as we've proposed it, we would not
10 have that opportunity.

11 Q. If the Commission were to adopt it with
12 indemnity language similar to what they ordered in the
13 wireless tariff case, you would go ahead and put that in,
14 wouldn't you?

15 A. Yes, we would.

16 MR. JOHNSON: That's all I have.

17 JUDGE MILLS: Thank you.

18 Redirect, Mr. Bub?

19 MR. BUB: Thank you, your Honor.

20 REDIRECT EXAMINATION BY MR. BUB:

21 Q. I just have a couple, Mr. Hughes. Mr. England
22 asked you some questions about the Commission's Report and
23 Order in TO-99-254, the last PTC case?

24 A. Yes.

25 Q. And he was asking you questions about the

1 Commission's decisions with respect to the PTC plan and the
2 business relationship. I'd like to direct your attention to
3 the Commission's -- the language in that order that actually
4 did address the business relationship, and specifically I'm
5 talking about the residual billing scheme that had been
6 proposed by the secondary carriers in that case. What did
7 the Commission say about that residual billing scheme?

8 MR. ENGLAND: Objection. The Report and Order
9 will speak for itself.

10 JUDGE MILLS: Mr. Bub, do you have a response?
11 BY MR. BUB:

12 Q. What's your understanding of the Commission's
13 order with respect to the residual billing scheme?

14 MR. ENGLAND: I think the order will speak for
15 itself and is the best evidence of what the Commission said.

16 JUDGE MILLS: I think there certainly were
17 some questions about his interpretation of this order. I'm
18 going to allow him to answer the question. Objection's
19 overruled.

20 THE WITNESS: The -- the former SCs in that
21 case had proposed to the Commission that we be liable for
22 the residual traffic. And the Commission in their order
23 indicated that that would not be appropriate.

24 BY MR. BUB:

25 Q. Thank you. You also answered some questions

1 from Judge Mills about parties that are not here. You
2 mentioned that IXCs, CLECs and wireless carriers were not
3 here. With respect to traffic that Southwestern Bell and
4 the other former PTCs are being asked to pay for, whose
5 traffic is at issue here?

6 A. The -- the proposal is that we would be
7 responsible for all the traffic, whether it's originated by
8 Southwestern Bell, by a former PTC or by a CLEC wireless
9 carrier or an IXC.

10 So the traffic at issue is all of that
11 traffic, but specifically for those where we do not
12 originate the call, we do not have a record, they're looking
13 for us to be liable for that compensation when we're not
14 involved in that, we do not have that direct relationship
15 with the end-user, we do not bill the end-user or receive
16 any revenue for that. And, therefore, we're not in a
17 position to cost recover for that terminating access.

18 Q. And today which parties are responsible for
19 that traffic?

20 A. The originating carrier's responsible for
21 paying the terminating carrier.

22 Q. And those parties that aren't here that are
23 originating carriers that Southwestern Bell believes should
24 be here, who are they?

25 A. CLECs, wireless carriers and interexchange

1 carriers specifically.

2 MR. BUB: Thank you.

3 We don't have any further questions, your

4 Honor.

5 JUDGE MILLS: Thank you.

6 Mr. Hughes, you may step down.

7 It's my understanding that we are going to

8 take Verizon Witness Allison next.

9 MR. FISCHER: Yes, your Honor.

10 JUDGE MILLS: Thank you.

11 MR. FISCHER: I would call Kathryn Allison to

12 the stand.

13 (Witness sworn.)

14 JUDGE MILLS: Thank you. You may be seated.

15 KATHRYN ALLISON testified as follows:

16 DIRECT EXAMINATION BY MR. FISCHER:

17 Q. Good morning.

18 A. Good morning.

19 Q. Please state your name and business address

20 for the record.

21 A. Kathryn Allison, 600 Hidden Ridge, Irving,

22 Texas.

23 Q. Ms. Allison, by whom are you employed and in

24 what capacity?

25 A. I'm employed for Verizon, senior marketing

1 manager, network access interconnection.

2 Q. Have you caused to be filed in this docket
3 certain rebuttal and surrebuttal testimony which has been
4 marked as Exhibit 20 and 21 respectively?

5 A. Yes, sir.

6 Q. Do you have any changes or corrections to your
7 pre-filed rebuttal or surrebuttal which you need to make at
8 this time?

9 A. Yes, sir.

10 Q. Okay. Would you tell us what those changes
11 are?

12 A. In the surrebuttal on page 3 at the top with
13 line 2, we have received the answers to the data request.

14 Q. Okay. In that answer you indicate, To-date
15 the data requests have not been answered.

16 So you're saying now we have received those?

17 A. Yes, sir, that is correct.

18 Q. With that clarification, do you have any other
19 changes or corrections that need to be made to your rebuttal
20 or surrebuttal testimony?

21 A. No, sir.

22 Q. If I were to ask you the questions contained
23 in those surrebuttal and rebuttal pieces of testimony, would
24 your answers today be the same?

25 A. Yes, sir.

1 Q. And are they true and correct, to the best of
2 your knowledge and belief?

3 A. Yes, sir.

4 MR. FISCHER: Your Honor, I'd move for the
5 admission of Exhibits 20 and 21, and tender the witness for
6 cross-examination.

7 JUDGE MILLS: Are there any objections to the
8 admission of Exhibits 20 or 21?

9 Hearing none, they will be admitted.

10 (EXHIBIT NOS. 20 AND 21 WERE RECEIVED INTO
11 EVIDENCE.)

12 JUDGE MILLS: Cross-examination, Mr. Minnis?

13 MR. MINNIS: No questions.

14 JUDGE MILLS: Southwestern Bell?

15 MR. BUB: No questions, your Honor. Thank
16 you.

17 JUDGE MILLS: Public Counsel is not here.
18 Staff?

19 MR. KRUEGER: Thank you, your Honor.

20 CROSS-EXAMINATION BY MR. KRUEGER:

21 Q. Good morning.

22 A. Good morning.

23 Q. With respect to your rebuttal testimony,
24 pages 3 and 4, that's lines 16 to 24 on page 3 and lines 1
25 to 4 on page 4 -- are you there?

1 A. Okay. Page 3, lines 16 --

2 Q. Beginning at line 16 on page 3 and continuing

3 to line 4 on page 4.

4 A. Okay.

5 Q. It appears that Verizon will depend on the

6 record from the terminating LEC to bill a transiting charge;

7 is that correct?

8 A. That is correct.

9 Q. Now, does that mean that Verizon can't bill

10 based on its own trunk record?

11 A. The transiting charge you're referring to,

12 that we cannot bill that?

13 Q. Yes. That's my question.

14 A. At the current time our billing system relies

15 upon the 11-50 record to be returned before we can do that

16 billing.

17 Q. So you can't do it based on your own trunk

18 record --

19 A. At the current time --

20 Q. -- is that your testimony?

21 A. Yes. At the current time our system's not

22 capable of doing that.

23 Q. Now, in your rebuttal testimony, page 5 in

24 regard to the OBF issue --

25 A. Rebuttal, page 5?

1 Q. Correct.

2 A. Okay.

3 Q. Is the OBF proposal compatible with the small
4 LEC's proposal in this case concerning billing based on
5 terminating records?

6 A. The OBF Issue 2056 basically says that any
7 recording point can be used for the exchange of records for
8 billing or validation.

9 Q. So my question is whether that's compatible
10 with the small LEC's proposal in this case?

11 A. Part of it is.

12 Q. In what sense is it incompatible?

13 A. It's incompatible because the industry has yet
14 to determine the necessary changes for terminating records
15 to be used for billing purposes.

16 MR. KRUEGER: Thank you. That's all the
17 questions I have.

18 JUDGE MILLS: Thank you.

19 Mr. England?

20 MR. ENGLAND: Thank you.

21 CROSS-EXAMINATION BY MR. ENGLAND:

22 Q. Good morning, Ms. Allison.

23 A. Good morning.

24 Q. I need to follow-up on an answer that you gave
25 Mr. Krueger, because I quite honestly don't understand. I

1 believe it was in your rebuttal testimony, page 3, beginning
2 at line 19.

3 A. Yes, sir.

4 Q. You state that for CLEC traffic, Verizon
5 Midwest uses the industry standard Category 11-01 record
6 exchange. The CLEC trunk group is established as meet-point
7 so that Verizon Midwest provides an 11-01 record to LEC
8 end-offices behind the Verizon Midwest tandem for all
9 CLEC-originated traffic.

10 Do you see that?

11 A. Yes, sir.

12 Q. And I'll tell you the way I understood it, and
13 tell me if I'm right or wrong, but when that CLEC directly
14 interconnects with Verizon, it has a dedicated trunk group
15 or trunk for that connection; is that right?

16 A. It is a dedicated trunk group.

17 Q. Okay. And as they send traffic over that
18 trunk group, you create a record of the traffic that they
19 terminate to you?

20 A. That's correct.

21 Q. And then you return the record to them --

22 A. No, sir.

23 Q. -- the individual call detail record?

24 A. No, sir.

25 Q. Okay.

1 A. Would you like me to explain the process?

2 Q. Yes. But take it slow, please, because you're

3 not talking to an expert here.

4 A. Okay. For CLECs we do have a dedicated trunk

5 group and we translate into that trunk group at the switch

6 level the CIC code, the carrier identification code. And

7 that code is unique to that CLEC.

8 The switch will then cut a 119 record, which

9 in the 119 record the CIC is populated to that record. The

10 119 record is then downstreamed into our billing system that

11 is converted into the Category 11 record.

12 The Category 11-01 record is sent to the

13 terminating end-office owner. And it is a detailed record.

14 Then the terminating end-office owner would summarize those

15 11-01's and return back to the tandem owner the 11-50

16 records. What this will do is enable the terminating

17 end-owner to be able to bill the CLEC their charges and then

18 the tandem owner to be able to bill the CLEC their charges.

19 Q. Okay. I guess that is the way I understood

20 it. First of all, my observation, tell me if I'm wrong, is

21 that your billing arrangement for the CLEC traffic is very

22 similar, if not identical to the way in which you would bill

23 interexchange traffic directly trunked to your tandem?

24 A. That is the way that Verizon set it up.

25 Q. So you do not rely on the CLEC to pass you

1 originating records to tell you how much traffic they're
2 sending to you? You rely on your own terminating
3 measurements at your switch?

4 A. That is true.

5 Q. Okay. And it is your terminating
6 measurements, not the CLEC's originating records, that you
7 pass to downstream third-party LECs so that they're able to
8 bill the CLEC; is that right?

9 A. That is correct.

10 Q. And is that the way it works in Missouri
11 today?

12 A. Yes, sir. That's the process that is set up
13 in Missouri today.

14 Q. Okay. Staying with your rebuttal testimony,
15 page 4, lines 16 through 18, please.

16 A. Yes, sir.

17 Q. And I'm going to kind of skip around, but
18 hopefully I'll correctly paraphrase or quote your testimony.
19 You begin, Verizon Midwest policy -- and I drop a line -- is
20 that the tandem connection provides access only to the
21 end-offices subtending the tandem of connection.

22 Do you see that?

23 A. Yes, sir.

24 Q. Do you have a copy -- I'd like to graphically,
25 I guess, discuss this with you. Do you happen to have a

1 copy of Mr. Scharfenberg's -- it's a schedule attached to
2 his direct testimony, RTS Exhibit 3, page 1 of 1?

3 A. No, sir, I do not have that here with me.

4 MR. ENGLAND: Could I ask your counsel to
5 provide you with one, please?

6 MR. FISCHER: Exhibit 3?

7 MR. ENGLAND: Attached to his testimony, which
8 I don't know what exhibit his testimony is. Direct
9 testimony. Excuse me. That's it.

10 BY MR. ENGLAND:

11 Q. Do you have that in front of you, Ms. Allison?

12 A. Yes.

13 Q. Let me concentrate on the left-hand side of
14 that diagram, if I can. And in the middle of those boxes is
15 a central box, if you will, described as Originating LEC
16 Access Tandem, No. 5. Above that is a CLEC Switch No. 4.
17 Do you see that?

18 A. Yes.

19 Q. And off to the immediate left is an ILEC
20 End-Office No. 2?

21 A. Yes.

22 Q. Now, for purposes of my questioning, I'm
23 assuming that the ILEC end-office No. 2 is a third-party
24 ILEC and not the same as the originating LEC access tandem.
25 Can you assume that with me, please?

1 A. All right.

2 Q. Now, if I understand your testimony here, your
3 policy, if that CLEC wants to send an interexchange call to
4 ILEC end-office 2, it could do so via or via the originating
5 LEC access tandem No. 5?

6 A. Yes.

7 Q. But if that CLEC switch or CLEC No. 4, if you
8 will, wanted to send an interexchange message to ILEC
9 end-office No. 10 off to the far right --

10 A. Yes, sir.

11 Q. -- which appears to subtend a different
12 tandem. Would you agree with me?

13 A. I agree with you.

14 Q. It would be Verizon's policy that they could
15 not without establishing a direct trunk to that second
16 tandem, No. 7?

17 A. Yes, sir. That is correct.

18 Q. Okay.

19 A. Unless they participate in the State Toll
20 Compensation Plan. And to date we haven't had any CLECs
21 participate in that plan.

22 Q. I was going to get to that. Might as well do
23 it right now.

24 A. Okay.

25 Q. What is the State Compensation Plan you refer

1 to?

2 A. Our system is called ITAC, it's the InterLATA
3 Toll Access Compensation Plan. And it's where the
4 originator would submit records into that plan and then all
5 providers on the route would be compensated for that call.

6 Q. Who do they -- the CLEC creates originating
7 records and submits them to who, please?

8 A. They would submit a 92 record into the ITAC
9 system.

10 Q. And who administers that?

11 A. That's administered by a group out of Fort
12 Wayne.

13 Q. Part of the Verizon organization?

14 A. Yes.

15 Q. What if they don't submit a 92 record?

16 A. Well, then we would not allow the traffic to
17 flow.

18 Q. You would block it?

19 A. We would not allow the traffic to flow.

20 Q. How would you not allow the traffic to flow?

21 A. They would change the translations on their
22 incoming trunk group not to inter-tend at the trunk.

23 Q. So the safeguard you have for them sending
24 inter-tandem traffic, if you will, is that they have to
25 promise -- not only promise, but, in fact, provide

1 originating records before you let the traffic flow?

2 A. That is correct.

3 Q. And you understand that appears to be

4 different than what Southwestern Bell is doing today. They

5 appear to be letting the traffic flow and relying on the

6 CLEC's good faith to provide those records?

7 A. Yes, sir. I understand that.

8 Q. Bringing the example back maybe to a more

9 specific situation, I understand the Peace Valley exchange

10 down here in the south central part of the state subtends

11 one of your tandems here?

12 A. Yes, sir.

13 Q. If a CLEC wants to send traffic to Peace

14 Valley, wherever that CLEC is located, it is going to have

15 to make arrangements with you to directly connect with your

16 tandem that serves Peace Valley unless it subscribes to this

17 ITAC service. Correct?

18 A. Yes, sir.

19 Q. Would it be fair for me to say then that you

20 would not agree with Mr. Cowdrey's testimony, to the extent

21 I understand it, that Feature Group D IXC -- I'm switching

22 gears a little bit on you because I'm talking about IXC

23 traffic -- destined for Peace Valley can traverse or

24 transit, or whatever you want to call it, to LEC tandems

25 before terminating to Peace Valley?

1 A. Well, it's Verizon's policy that the IXCs
2 directly connect to us in order for us to deliver the
3 traffic to the end-office. They must interconnect at the
4 proper tandem complex.

5 Q. Okay. Let me make my example more specific.
6 Can an ILEC -- excuse me. I'm sorry.

7 Can an IXC deliver interexchange traffic to
8 Southwestern Bell's tandem in Springfield, Missouri for
9 destination or termination to Peace Valley through your
10 tandem that serves Peace Valley?

11 A. If they mis-- if the IXC mis-routes the
12 traffic to Springfield and it's inter-tandem trunked to
13 Verizon's tandem on the inter-tandem trunks between our two
14 tandems, there are no translations there to prohibit the
15 call from completing.

16 Q. You said something about misdirects. So can I
17 infer from your answer that it shouldn't happen?

18 A. Yes, sir.

19 Q. Somebody's doing something wrong for that call
20 to work like that?

21 A. That is Verizon's approach on it, that it
22 would be misdirected traffic.

23 Q. Let me get back to my original premise then.
24 Not just CLEC traffic, but IXC traffic, if they want to
25 reach an office that subtends your tandem, that IXC has to

1 establish a direct connect to that tandem that directly
2 serves that end-office. Correct?

3 A. That is Verizon's position.

4 Q. Okay. And that example we talked about, that
5 if an IXC handed that call off to the Southwestern Bell
6 tandem in Springfield for Southwestern Bell to transit or
7 transport to your tandem before ultimate termination to
8 Peace Valley, that would be wrong?

9 A. That would be misdirected traffic, mis-routed
10 traffic.

11 Q. If that happened, that certainly wouldn't be
12 Peace Valley's fault, would it, Ms. Allison?

13 A. No.

14 Q. Thank you. Let's talk about the OBF issue.

15 A. All right.

16 Q. I think you discuss that at pages 5 and -- or
17 through 8 rather of your direct testimony. Am I correct in
18 understanding that you are the individual within the Verizon
19 or former GTE organization that is the representative to the
20 OBF?

21 A. No, sir, I'm not the representative. The
22 representative is Betty Briggs (phonetic spelling). I
23 would -- I am her support any time she has any questions
24 that are outside of her realm of understanding.

25 Q. Is it fair to say then that your testimony

1 insofar as you talk about the OBF issue statement and the
2 input and output of the group is based upon what this
3 individual told you?

4 A. Not only what she told me, but from my
5 participation in two of the meetings.

6 Q. Two of the what meetings, OBF meetings?

7 A. The billing meetings.

8 Q. Billing meetings?

9 A. That is a subcommittee of MECAB, which MECAB
10 is a subcommittee of OBF.

11 Q. How many meetings were there that gave rise to
12 OBF Issue 2056?

13 A. I don't know the exact number, but there were
14 a lot of meetings. They took place on a monthly basis.

15 Q. Dozens?

16 A. I would say at least that.

17 Q. As I understand, the Issue Statement 2056 was
18 approved by the OBF --

19 A. Yes.

20 Q. -- on approximately November 8th, 2000; is
21 that right?

22 A. Yes.

23 Q. And then I further understand that it will not
24 be fully implemented for at least 18 to 20 months after that
25 date?

1 A. Well, no, sir, that's not what -- the LECs
2 have 18 to 24 months to implement it. It could be
3 implemented earlier than that by some companies. I know
4 Verizon has already started our internal meetings to enhance
5 our systems in order to implement this Issue 2056 this year.

6 Q. Does this issue apply to CLECs?

7 A. Yes.

8 Q. Does it apply to IXC's?

9 A. Yes.

10 Q. And I assume it applies then to ILECs as well?

11 A. Yes.

12 Q. Does it apply to wireless carriers?

13 A. Yes.

14 Q. To the extent that other carriers besides
15 Verizon have difficulty in implementing it, either
16 financially or technically, am I correct in understanding
17 that they have at least 18, is it, to 20 months to do so?

18 A. Yes, sir.

19 Q. And what happens if they don't make that
20 deadline?

21 A. I don't know.

22 Q. You don't imagine that there may be an
23 escalating series of correspondence?

24 A. Well --

25 Q. Never mind. I'll withdraw the question.

1 A. Thank you.

2 Q. Would you agree with me that approval and
3 implementation of OBF 2056 would not preclude or prohibit a
4 change in the business relationship as we've proposed here
5 in Missouri, the Small Companies, that is?

6 A. 2056 does create a business relationship
7 change.

8 Q. I thought it simply created a recording
9 change.

10 A. Well, within the document -- the MECAB
11 document, it states that if you're not a recording company,
12 you have the ability to go out and seek a recording company
13 and negotiate those records.

14 So that there would change the business
15 relationship, let's say, for instance, if Verizon is an
16 end-office behind an RBOC tandem and we're not receiving any
17 records, we would have then the ability to go out and
18 negotiate with the originator -- and I say this is a CLEC in
19 this instance -- to receive copies of the originating
20 records. That is a negotiations process. So that would
21 then change our relationship to be able to go out and
22 negotiate to get those records.

23 We -- some companies may have a charge for
24 those records so you would then go into a relationship there
25 where you're purchasing records or some may say, Well -- and

1 this is all hypothetical, okay, I'll exchange my records
2 with you if you'll exchange your records me in this area for
3 no cost. And it would be sort of like a bill and keep
4 scenario that -- so it would have potential to change your
5 business relationship.

6 Q. So the OBF gives you the right to go and
7 request records from other carriers, but depending upon the
8 results of the negotiations, you may have to pay for them --

9 A. That is true.

10 Q. -- one way or another?

11 Getting back to my question, how does that
12 prohibit a change in the billing relationship or the
13 business arrangement that we've proposed here in Missouri?

14 A. The difference between the two arrangements,
15 with the 2056 there would be separate negotiations outside
16 of the interconnection contract that Verizon has with CLECs
17 and wireless. The business relationship change that's being
18 proposed here would actually mean that we'd have to go and
19 renegotiate the interconnection contracts we currently have
20 with CLECs and wireless today.

21 Q. I understand that that's your position. My
22 question is, how does OBF Issue 2056 prevent this Commission
23 from establishing a different business relationship than
24 that that currently exists?

25 A. It wouldn't prevent the Commission from making

1 any type of change in the business relationship that
2 currently exists today.

3 Q. Okay.

4 A. I just would hope that the Commission would
5 look at 2056 as a possible solution without changing the
6 business relationship.

7 Q. 2056 could overlay a change in the business
8 relationship, couldn't it, and help to provide you with the
9 assurance and ability to get the necessary records from us,
10 the Small Companies, even if we change the business
11 relationship?

12 A. That's one possibility of many.

13 Q. Let's go back to my Peace Valley example, if
14 we may. And let's assume we continue with the business
15 relationship as it exists today and as you would like it to
16 exist in the future.

17 If I understand that correctly, and Peace
18 Valley is recording traffic at its terminating switch and it
19 finds that it is recording more traffic than it is getting
20 originating records for, under your proposal, Peace Valley
21 bears 100 percent of the risk -- or the financial risk
22 associated with that shortfall. Correct?

23 A. I believe if you look at the test results,
24 that would be not an entirely true statement, because
25 there's not a risk there because we have been able to match

1 the records. And we're currently having some more research
2 done on the unmatched where there's just a few, because we
3 believe those are incompleted calls.

4 Q. Okay. It's taken roughly, what, four and a
5 half months of intense review on your part to bring those
6 numbers together?

7 A. That is true.

8 Q. Okay.

9 A. It was a very manual process because unlike
10 Southwestern Bell, we do not have Access 7.

11 Q. Do you think you would have engaged in that
12 process if it hadn't been orchestrated through the industry?
13 Let me rephrase that.

14 Do you think you would have gone through that
15 four and a half month process at the request of Peace Valley
16 alone?

17 A. Yes, sir, I believe we would have.

18 Q. Let's get back to talking hypothetically.
19 Assuming you can't reconcile the difference between what
20 Peace Valley records at their end and the originating
21 records that they're supposed to bill from, under your
22 proposal, Peace Valley bears 100 percent of the risk
23 associated with that differential. Correct?

24 A. That is correct. As we would, because I
25 believe the traffic that we cannot identify is actually

1 being inter-tandem switched to us. So at that point Verizon
2 does not get paid for our part of the network either, so
3 we're out 100 percent of that also.

4 Q. That assumes that you're not getting the same
5 records that Peace Valley's not getting?

6 A. That is correct.

7 Q. And it may be possible that you are getting
8 records but Peace Valley, because of its size, its remote
9 location, the fact that it may not be on anyone's radar
10 screen, may not be getting originating records. Right?
11 Certainly possible?

12 A. Originating from behind a Verizon --

13 Q. Yes.

14 A. Originator from behind a Verizon tandem?

15 Q. Yes.

16 A. No, sir, that has not been the case.

17 Q. Okay. Explain to me, if you would, please, in
18 my hypothetical situation how Peace Valley is in a better
19 position than Verizon to track down and be responsible for
20 ferreting out the difference between what it records at its
21 terminating end and what it receives in the way of
22 originating records.

23 A. I'm sorry. Would you repeat that? I'm not
24 understanding what you're asking.

25 MR. ENGLAND: Okay. First of all, I'm going

1 to have to have it read back and if you want me to rephrase
2 it then, I will. May I have it read back, please?

3 JUDGE MILLS: Please go ahead.

4 THE COURT REPORTER: "Question: Okay.
5 Explain to me, if you would, please, in my hypothetical
6 situation how Peace Valley is in a better position than
7 Verizon to track down and be responsible for ferreting out
8 the difference between what it records at its terminating
9 end and what it receives in the way of originating records."
10 THE WITNESS: Okay. Thank you. I don't
11 believe that Peace Valley would be in any better position
12 than Verizon would be in order to track down unidentified
13 records.

14 BY MR. ENGLAND:

15 Q. Thank you. Let me shift gears on you.

16 A. Okay.

17 Q. Rebuttal, page 11, lines 12 and 13. Are you
18 there?

19 A. Yes.

20 Q. Okay. You state, Although a LMS, which I
21 understand is a Link Monitoring System, may provide
22 alternatives for AMA recording, comma, it does not resolve
23 the billing compensation issues at hand, end quote.

24 Do you see that?

25 A. Yes, sir.

1 Q. Okay. Now, the Link Monitoring System is
2 another term for this Hewlett Packard Access 7 System we've
3 been talking about?

4 A. Yes, sir. Hewlett Packard is just one company
5 that produces such a system.

6 Q. Okay. First of all, is it my understanding
7 that you're not presently deploying or have any plans to
8 presently deploy a Link Monitoring System such as the
9 Hewlett Packard system in Missouri?

10 A. In Missouri we do not have a Link Monitoring
11 System deployed. We are looking at several different
12 vendors' systems for deployment.

13 Q. Okay.

14 A. But there's nothing in Missouri today.

15 Q. Do you have any firm deadlines, time lines by
16 when you might implement a Link Monitoring System in
17 Missouri?

18 A. No, sir.

19 Q. What are the billing compensation issues to
20 which you refer there on line 13?

21 A. You can identify the records -- or the calls,
22 not the records, but the calls, whose traffic is coming
23 across your network. So it's an identification tool. But
24 when you get down to your compensation, then you have to
25 rely upon your arrangements, your contracts, that such. And

1 that is what I'm referring to here.

2 Although you may have a Link Monitoring System
3 in place to be able to identify the traffic, getting the
4 compensation, your payment, is another process. And I
5 don't -- I can't, in my mind, relate being paid with having
6 a Link Monitoring System.

7 Q. Let me see if I understand. The Link
8 Monitoring System helps you to identify the responsible
9 carrier?

10 A. Uh-huh.

11 Q. But it gives you no information about the
12 amount of traffic that they are responsible for and for
13 which you can bill them?

14 A. No, it does. It does. I'm talking about the
15 actual payment. You can identify the traffic, who it came
16 to -- from, who it went to, the whole time, everything like
17 that. But when you look at, okay, here's your traffic, now
18 then you pay me, it could be disputed.

19 Q. That's certainly a problem we have today as
20 well. Right?

21 A. Yes.

22 Q. And if that carrier is directly connected to
23 you, you have opportunities for blocking termination of
24 service to either enforce that payment or at least stop the
25 bleeding on a go-forward basis. Correct?

1 A. I need to make this statement. Verizon does
2 not block traffic. Okay?

3 Q. So much for the paid political announcement.
4 Can you answer my question, please?

5 You do have that tool available to you?
6 Whether you utilize it or not, that is a part of your
7 tariffs and your agreements; is that correct?

8 A. For blocking for non-pay?

9 Q. Yes.

10 A. We do have a process that has been identified
11 for non-pay CLECs and wireless providers. It's a very
12 lengthy process that we have to follow because we cannot
13 displace their subscribers. So their subscribers have got
14 to be placed with another carrier before we can ever
15 disconnect the trunk group. It's a very long and lengthy
16 process.

17 And until we go through all the proper
18 steps -- and in a lot of states, and I'm not for sure about
19 Missouri, but we have to get Commission approval before we
20 can disconnect those trunks. It could take a long time. It
21 could take up to a year. If they go into arbitration over
22 it, it could even take up to two years. Yes, we do have a
23 process, but we've never had to invoke it.

24 Q. That process exists in the interconnection
25 agreements that you have with CLECs?

1 A. The process does not -- is not stated in the
2 interconnection agreement. It talks in the interconnection
3 agreement about non-pay and then the ability to disconnect.

4 Q. What about wireless carriers who interconnect
5 with you and fail to pay? Do you have to go through the
6 same lengthy process that you've talked about?

7 A. Yes, sir. We use the same process for both
8 CLEC and wireless.

9 Q. What about interexchange carriers?

10 A. I'm not for sure about intercon--
11 interexchange carriers. I'm not from that department.

12 MR. ENGLAND: Thank you, Ms. Allison. That's
13 all I have.

14 JUDGE MILLS: Mr. Johnson, you're next. Give
15 me one second though.

16 Okay. Please go ahead.

17 MR. JOHNSON: Thank you.

18 CROSS-EXAMINATION BY MR. JOHNSON:

19 Q. Good morning, Ms. Allison.

20 A. Good morning.

21 Q. Would you turn to your surrebuttal testimony
22 for me, please, at pages 2 and -- let's start with 2, at
23 lines 9 and 10. You make the statement there that the trunk
24 between LEC tandems is a common trunk and the identity of
25 the originating trunk group is lost when the call is

1 inter-tandem switched; is that right?

2 A. Yes.

3 Q. And I think under your policy and under
4 Verizon's lexicon, you call that misdirected tandem traffic?
5 Is that the word you've been using, "misdirected"?

6 A. I used the word "misdirected" in the example
7 of the IXC delivering the call to a different tandem other
8 than the subtending office.

9 Q. Okay. I'm going to -- I want to see if I
10 understand that. So if you could agree or disagree with me,
11 as I understand it, when an IXC properly -- when it orders a
12 trunk to a Verizon tandem, you identify the IXC that ordered
13 the trunk as the carrier responsible for the traffic that
14 comes over that trunk?

15 A. Yes.

16 Q. And you use a trunk group identifying system,
17 CIC code, to do that?

18 A. Yes.

19 Q. Okay. But if, for example, an IXC sends a
20 call to your Wentzville tandem that's actually destined for
21 an NXX of, let's say, Kingdom Telephone Company, which has
22 its own tandem I believe in Auxvasse, that somewhere between
23 your Wentzville tandem and the Auxvasse tandem you lose that
24 trunk -- or the CIC code; is that right?

25 A. You would lose the originating trunk

1 identification and that could be a 26 code or the CIC.

2 Q. Okay. So the facility between tandems is a
3 common facility, if you will?

4 A. Yes.

5 Q. Okay. So for that misdirected traffic, when
6 the IXC call arrives at Kingdom Telephone Company's Auxvasse
7 tandem, there will not be an IXC assigned to that trunk,
8 it's a common inter-tandem trunk. Is that a correct
9 statement?

10 A. And that would be if it had been inter-tandem
11 switched between two tandems?

12 Q. Yes.

13 A. When the call arrived at Kingdom, they would
14 have the call, but then the record would still go out to
15 Kingdom, the 11-01 record. So then that way Kingdom would
16 have that record based upon the IXC incoming, because the --
17 in your billing system when it comes in, in order to
18 identify the owner to out-collect the 11-01 record, you
19 would look at the to number. And that to number is Kingdom,
20 and that record would be out-collected to Kingdom.

21 Q. Okay. But from Kingdom's standpoint, the
22 second tandem in the inter-tandem transport of that call, it
23 loses the ability to receive a trunk group identifier with
24 the call? It loses its own ability to do that?

25 A. That's not signaled through the network today,

1 sir.

2 Q. But it cannot assign its own CIC code to that
3 call because it doesn't know on its own whose traffic that
4 is?

5 A. Kingdom could not assign a CIC code on that
6 trunk group coming into them because it would be through the
7 common trunk group. No different than what it would be if
8 it subtended the tandem where the call originally came into.

9 Q. Now, on page 4 of your surrebuttal, you make
10 the statement at line 8 and 9 that if the traffic is
11 inter-tandem routed, the tandem owner serving the
12 terminating LEC would not have sufficient detail to prepare
13 the AUR. Is that a correct statement?

14 A. Yes, sir. And that is referring to CLEC
15 traffic and wireless traffic, not IXC traffic.

16 Q. Okay. This limitation, if you will, for lack
17 of a more precise term, that happens when you have
18 inter-tandem traffic, is that one of the reasons that
19 underlies Verizon's policy that the tandem connection
20 provides access only to the end-office subtending the tandem
21 of connection?

22 A. Yes, sir.

23 Q. Okay. Is it true that when Verizon designates
24 its Wentzville tandem as a tandem, it does that in state and
25 federal tariffs?

1 A. Yes, sir.

2 Q. And when it does that, it lists the

3 end-offices served or subtending that tandem?

4 A. Those end-offices are listed in the LERG.

5 Q. Oh, they're not listed in the tariff?

6 A. I'm not for sure.

7 Q. Okay.

8 A. I haven't reviewed all those tariffs.

9 Q. They are listed in the Local Exchange Routing

10 Guide --

11 A. Yes.

12 Q. -- is that what LERG stands for?

13 A. LERG, uh-huh.

14 Q. Thank you. Now, is that supported by GTE's

15 access tariff itself, that when interexchange carriers

16 connect with GTE, they have to connect at your tandems?

17 A. My understanding from the access group is that

18 that is the requirement that they ask of the IXC's, that they

19 connect to the tandem complex where they're going to be

20 delivering the traffic.

21 Q. Okay. So under your policy, an IXC has the

22 responsibility to connect at the tandem serving the

23 end-office to which the call is directed?

24 A. Yes.

25 Q. And as I understand your rebuttal testimony at

1 page 4, that's also Verizon's policy with respect to CLECs
2 and wireless providers as well?

3 A. Yes, sir. We sprung board off of the IXC
4 requirement and made it for CLEC and wireless.

5 Q. Would you agree with me that GTE in Missouri
6 provides toll services?

7 A. GTE Network Services?

8 Q. Well, GTE, the local exchange company, also
9 offers long distance or toll services to its subscribers or
10 customers?

11 A. Yes. I'm just trying to clarify. Are you
12 talking about GTE, the local exchange company --

13 Q. Yes, ma'am.

14 A. -- or GTE, the long distance company?

15 Q. GTE, the local exchange company.

16 A. I would think so. I'm not 100 percent for
17 sure. I cover all the states and I don't know each state
18 specific.

19 Q. Well, would you assume for purposes of a
20 couple questions that GTE, the local exchange company in
21 Missouri, does, in fact, offer interexchange or toll
22 services to its customers?

23 A. To its subscribers?

24 Q. Yes, ma'am.

25 A. Yes.

1 Q. Okay. Now, under this policy, if a GTE
2 subscriber makes a call from -- oh, they've sold some of
3 these exchanges -- let's say St. Charles, and that call is
4 directed to an end-office of Kingdom Telephone Company
5 that's served by Kingdom Telephone Company's access tandem
6 in Auxvasse, now, under your policy would GTE have to bring
7 that traffic directly to Kingdom's Auxvasse tandem?

8 A. Okay. Help me out here because, like I said,
9 I do all the states so I don't know specifics about each
10 state. St. Charles is a Verizon end-office that subtends
11 what tandem?

12 Q. I believe it subtends -- that end-office, I
13 believe, subtends your Wentzville.

14 A. Wentzville. Okay. And then Kingdom Telephone
15 Company subtends the same tandem?

16 Q. No, ma'am. Kingdom Telephone has its own
17 tandem --

18 A. Has its own tandem.

19 Q. -- at Auxvasse.

20 A. So that would be an intraLATA toll call?

21 Q. An intraLATA toll call, yes, ma'am.

22 A. Then that call would traverse or be routed
23 over the inter-tandem trunk group between Wentzville and
24 Kingdom. And then we would cut the originating record and
25 send that into the State Toll Plan. Now, that's the normal

1 way that I know of.

2 Q. Doesn't that create sort of a special
3 privilege or an exception to your own policy for GTE? It
4 doesn't have to bring that traffic directly to the Auxvasse
5 tandem even though you require IXCs, CLECs and wireless to
6 bring their traffic to your tandem?

7 A. We would allow the CLEC's traffic to take this
8 same route if they was to participate in our ITAC program,
9 as I earlier stated.

10 Q. So it's conditional? It's if they participate
11 in your access program?

12 A. It's not Verizon's access. Each state has an
13 access toll compensation plan. Ours just happens to be
14 called ITAC.

15 Q. Would you identify the Missouri access
16 compensation plan for me, please?

17 A. All I know of is ITAC, and it stands for
18 IntraLATA Toll Access Compensation.

19 Q. I thought you told Mr. England earlier that
20 that was just a GTE term for its own system.

21 A. I did, sir. That's what I'm trying to explain
22 to you. Could be Bell might have another one. In other
23 states Bell's is called I-- it's for BellSouth, it's called
24 ITORK. Each state and each company could have their own
25 name for their physical system --

1 Q. Well, let's --

2 A. -- that tracks it.

3 Q. Let's suppose that Kingdom Telephone Company

4 had its own access tariff and doesn't participate in some

5 separate system. Under that situation, wouldn't GTE have to

6 take that call directly to Kingdom's Auxvasse tandem?

7 A. If that was the arrangement between Verizon

8 and Kingdom, then, yes. But if Kingdom has a -- a plan of

9 their own to where we would submit the 92 record, then we

10 would submit the 92 record directly into their system.

11 Q. You would expect it to be fair to apply your

12 own policy to yourselves, I guess is my question?

13 A. And we do.

14 Q. Under your policy, would it be appropriate for

15 Southwestern Bell to give a call to you that goes through

16 two tandems before it terminates?

17 A. Who originated the call?

18 Q. Southwestern Bell.

19 A. Southwestern Bell. That would be appropriate

20 because we have a settlement agreement with Southwestern

21 Bell.

22 Q. What happens if the last tandem is owned by a

23 Small Company that doesn't participate in whatever this

24 agreement is between G-- or Verizon and Southwestern Bell?

25 Would it still be appropriate?

1 A. If there is an agreement for that traffic to
2 be routed that direction.

3 Q. And if the only place to go find that is in
4 that Small Company, the second-access tandem, is to look in
5 the access tariff of that company, does that constitute an
6 agreement for purposes of your policy?

7 A. I'm not for sure I understand you. If there
8 is an agreement between all three parties, then all parties
9 would be compensated for the call being routed and based
10 upon whatever charge that they agreed upon at the time that
11 the call was -- you know, before the calls are routed.

12 Q. I'm inferring from this -- are you telling me
13 that in Missouri now that GTE and Southwestern Bell have
14 some sort of agreement between themselves that has to do
15 with how they exchange traffic and compensation for it?

16 A. Yes, sir. And that's public knowledge. As
17 our LEC-to-LEC agreement, that is -- has been filed and is
18 public knowledge. We have a LEC-to-LEC agreement with a lot
19 of different LECs that we operate with in the same state.

20 Q. Last year, about October of 1999, the primary
21 toll carrier plan ended in Missouri. Do you know whether or
22 not the agreement that Verizon and Southwestern Bell have in
23 place today is the same agreement that they had in place
24 between them during the primary toll carrier plan?

25 A. I was not part of the primary toll plan, so I

1 couldn't answer that, sir.

2 Q. So you don't know if it's the same or a
3 different agreement?

4 A. That is correct.

5 Q. Are you familiar with the agreement?

6 A. Which one?

7 Q. The agreement that you and Southwestern Bell
8 have for exchanging traffic and compensation in Missouri.

9 A. Not intimately, no. I just know that there is
10 an agreement in place.

11 Q. Do you know what its term is?

12 A. The term is normally anywhere's from one to
13 three years.

14 Q. And does it have opportunities for either
15 party to request amendments during the term of the
16 agreement?

17 A. If it's our standard language, more than
18 likely, yes.

19 Q. And how much notice does that require?

20 A. According to whatever was negotiated, it could
21 be anywhere's from 30 days, 60 days, 90 days.

22 MR. JOHNSON: Thank you, ma'am.

23 JUDGE MILLS: Questions from the Bench,
24 Commissioner Schemenauer?

25 COMMISSIONER SCHEMENAUER: No questions.

1 QUESTIONS BY JUDGE MILLS:

2 Q. Ms. Allison, I think you've been here, you've

3 had the chance to hear me ask these questions before, and

4 I'll give you your chance to answer them too.

5 You're familiar with Mr. Cowdrey's proposal on

6 the 50/50 split?

7 A. Yes, sir.

8 Q. Can you give me your response to that

9 proposal?

10 A. Well, I certainly would say that it would be

11 an option that could be presented. However, from my

12 viewpoint and from Verizon's viewpoint, we feel that the OBF

13 Issue 2056 that has been incorporated and is being worked on

14 by Verizon to be incorporated into the MECAB document, that

15 that is a much better solution.

16 Q. Okay. Can you say for the record what MECAB

17 is?

18 A. Yes, sir. Multi-Exchange Carrier Access

19 Billing.

20 Q. Okay. Thank you.

21 A. You're welcome.

22 Q. Now, have you done any calculations to try to

23 determine the cost to the industry of the Small Company

24 proposal?

25 A. No, sir, I haven't put any figures to it.

1 However, I do know that in order to provide a billing and
2 collection service, it would basically be a new product for
3 us, which we would have to take and put cost analysis with
4 it to see the manpower needed, if we have existing systems
5 that could handle it. If not, then what would have to
6 happen is to have enhancements to the existing systems. And
7 if we don't have the manpower, then we would have to also
8 have -- hire new people in order to do that.

9 Q. And who properly should pay those costs?

10 A. I would think that the company requesting
11 Verizon to do the billing and collection service should pay
12 that.

13 Q. Now, it's the position of some of the parties
14 in this case that the business relationship issue that the
15 Small Companies have raised isn't properly in this case.
16 How do you respond to the question that asks since all
17 parties are present and represented in this case, that the
18 PTCs and -- the former PTCs and the small LECs, why isn't it
19 judicially efficient to go ahead and decide the business
20 relationship issue here?

21 A. Well, because I believe all parties are not
22 here. It would change the business relationship we have
23 with the CLECs and wireless on the contracts. We would have
24 to go back and renegotiate contracts in order to be able to
25 charge them for the terminating side of the call.

1 And then, in addition to that, just opening up
2 the contracts, the CLECs could say, Well, we want that
3 reciprocally done for us, so we want you to do it for us
4 also. So that completely changes it and puts more of the
5 burden on Verizon as being the tandem owner.

6 JUDGE MILLS: Thank you. That's all the
7 questions I have. We'll do redirect based on questions from
8 the Bench. Sprint?

9 MR. MINNIS: No questions.

10 JUDGE MILLS: Southwestern Bell?

11 MR. BUB: No questions, your Honor.

12 JUDGE MILLS: Public Counsel is not here.
13 Staff?

14 MR. KRUEGER: No questions, your Honor.

15 JUDGE MILLS: Small Telephone Company Group?

16 MR. ENGLAND: Thank you, your Honor. Just one
17 or two.

18 FURTHER CROSS-EXAMINATION BY MR. ENGLAND:

19 Q. Can you see that, Ms. Allison?

20 A. Yes.

21 Q. Is there a glare?

22 A. No. It's fine.

23 Q. I want to follow-up on a question -- or rather
24 answer you gave to Judge Mills regarding, I believe, the B&C
25 service that we're proposing you provide as a new product

1 for you. Correct?

2 A. It would be a new product from an

3 interconnection standpoint, yes.

4 Q. Okay. You understand that the only

5 difference -- the only real difference between our proposal

6 and your proposal is that you would be responsible for the

7 CLEC traffic and other ILEC or PTC traffic that transits

8 your facilities and is terminated to the Small Company

9 end-offices. Correct?

10 A. Yes.

11 Q. We would continue to bill IXCs, we would

12 continue to bill wireless providers, we would continue to

13 bill Feature Group A under the records that are being

14 submitted today?

15 A. That's my understanding.

16 Q. Okay. So is it your testimony that for you to

17 perform a billing and collection function for the Small

18 Companies for the CLEC and ILEC traffic that you have today

19 is a substantial change in your existing billing

20 arrangements with those people?

21 A. Yes, it is.

22 Q. Well, let's take the ILECs, which are the

23 former PTCs that are sending traffic. That's the

24 arrangement you had with them for 11 years under the PTC

25 plan. Right?

1 A. As I stated before --

2 Q. You performed essentially --

3 A. As I stated before, I was not part of the PTC

4 plan so I don't know what the arrangements were.

5 Q. So you don't know if you were essentially

6 performing that billing and collection arrangement for

7 11 years under the PTC plan?

8 A. I could not say that for sure.

9 Q. Okay.

10 A. I have no knowledge of that.

11 Q. And with respect to the CLEC, you already have

12 a billing relationship with them; that is correct?

13 A. That is correct.

14 Q. And you are creating the records as opposed to

15 relying on their records for purposes of billing them?

16 A. That is correct.

17 Q. And instead of sending those records to us, as

18 you would in a meet-point bill situation, you would simply

19 bill them for the whole piece of the traffic, the transit

20 and the termination?

21 A. That's the proposal.

22 Q. And you claim that that is a substantial

23 change from your existing billing arrangements?

24 A. Yes, sir.

25 Q. And a substantial cost?

1 A. It could be.

2 Q. How many CLEC agreements do you have today in
3 Missouri?

4 A. I don't know the exact amount, but I'm -- I
5 would say -- now, agreements would be at least maybe 20. I
6 don't know the exact number.

7 Q. How many are facility based?

8 A. I don't have that number. I didn't bring that
9 information with me.

10 Q. You'd agree with me that a resale agreement
11 wouldn't fit into this problem. Right?

12 A. That is correct.

13 Q. Okay. So you don't know how many of those are
14 facility based and how many are resale?

15 A. Not of the agreements themselves. We have a
16 comprehensive agreement where it encompasses all phases.
17 And I don't know in what capacity each one of those CLECs
18 are acting.

19 Q. Well, that was going to be my next question is
20 how many CLECs are -- facility-based CLECs are
21 interconnected with you and actually providing service today
22 in Missouri?

23 A. When I looked at that information from one of
24 the data requests, I found that there was one CLEC that has
25 interconnection trunks with us.

1 Q. And so it's your testimony that renegotiating
2 that contract to implement a billing and collection service
3 with that one CLEC in Missouri is going to create
4 substantial effort and cost for your company?

5 A. That one CLEC happens to be AT&T.

6 Q. I understand. And how big is their operation
7 in your service area?

8 A. Today we're not receiving any traffic over
9 those trunks.

10 Q. So they're not operating?

11 A. They have not sent us any traffic over those
12 trunks yet, so that makes me assume that they have not yet
13 had their market up and running.

14 Q. And modifying that agreement --

15 A. Modifying that agreement with AT&T would be
16 costly just from a negotiation standpoint.

17 MR. ENGLAND: Thank you.

18 THE WITNESS: You're welcome.

19 JUDGE MILLS: Mr. Johnson?

20 FURTHER CROSS-EXAMINATION BY MR. JOHNSON:

21 Q. I just want to follow-up about that question
22 of what you would do to your billing system for the CLEC
23 traffic that Mr. England was just discussing with you. I
24 think we've established that that CLEC has a separate trunk
25 to your tandem?

1 A. Yes.

2 Q. And, basically, if your tandem subtends an
3 end-office of another company, you're going to have two
4 different types of traffic, traffic that terminates to your
5 own end-offices and traffic that transits to another
6 company's end-office; is that right?

7 A. That is correct.

8 Q. And you have a transiting charge you charge to
9 that CLEC even for the traffic that is destined to terminate
10 in an exchange that Verizon does not own?

11 A. Within the body of the contract and the rate
12 schedule, there is a charge for transiting.

13 Q. So you do distinguish, if you will, transit
14 traffic from Verizon terminating traffic?

15 A. Yes, we do.

16 Q. Okay. So under our propos-- you already have
17 the different rate elements in your billing system?

18 A. Yes.

19 Q. And so aside from the costs of possibly having
20 to renegotiate the AT&T agreement, all you would have to do
21 is change the rate element that's in the transiting piece of
22 your billing system?

23 A. No, sir. That's not all that would have to be
24 done. First of all, we would have to go into our billing
25 system and update the tables that house those rate elements

1 and the cost. If that could not be done, then we'd have to
2 build new tables within our billing system. New tables
3 would probably have to be built because the rates would be
4 different. It could be that Small Company 1's rates were
5 different than Small Company 2's. So we'd have to have
6 different rates.

7 And the way our billing system is set up right
8 now, we'd have to have several tables. And then you'd have
9 to have people to maintain those rate tables every time
10 there was a tariff change or their charges changed.

11 Q. In Missouri do you have any tandems that serve
12 more than one company's end-offices? I'm talking about more
13 than one besides Verizon?

14 A. Yes, sir.

15 Q. And where's that?

16 A. Well, Peace Valley subtends one of our
17 tandems.

18 Q. Does your Branson tandem subtend any companies
19 other than Peace Valley or other than Verizon?

20 A. Your tandem doesn't subtend an office. Your
21 end-office subtends a tandem.

22 Q. Does it serve any other companies besides
23 Verizon or Peace Valley?

24 A. Does it serve any other companies? Are you
25 saying does it -- are other companies subtending it or do we

1 receive traffic from other companies?

2 Q. Yes. You had said one of the additional costs
3 might be having to build separate rate tables for the
4 transit element if the tandem served more than one company,
5 more than -- served two or more companies other than
6 Verizon. And I'm trying to find out if that actually exists
7 in Missouri.

8 A. It may not exist in that tandem complex, but
9 there's other tandem complexes where it does exist.

10 Q. And where does it exist?

11 A. And as I've stated before, if we did this for
12 the Small Companies, the CLECs would probably want us to do
13 it so we'd have to have tables for the CLECs' rates also.

14 Q. Can you tell me what other tandem serves three
15 companies or more?

16 A. In Missouri?

17 Q. Yes, ma'am.

18 A. No, sir, I can't.

19 MR. JOHNSON: Thank you.

20 JUDGE MILLS: Redirect, Mr. Fischer?

21 REDIRECT EXAMINATION MR. FISCHER:

22 Q. Ms. Allison, I'm going to try to redirect you
23 a little bit. I may have to jump around a little bit, if
24 you'll bear with me.

25 A. Okay.

1 Q. Let's start toward the end when Judge Mills
2 asked you about the 50/50 split proposal. And I believe you
3 indicated that, in your opinion, the OBF 2056 Issue was a
4 much better solution than that 50/50 split. Do you recall
5 that answer?

6 A. Yes, sir.

7 Q. Would you explain why you feel that the OBF
8 Issue 2056 is a much better solution than the 50/50 split
9 that he asked about?

10 A. Yes, sir. Well, for one thing, the OBF sets
11 industry standard guidelines and Verizon follows those
12 guidelines. And when you're looking at a state by state
13 solution, that could become very costly. So by going with
14 an industry standard solution across all of Verizon
15 operating states, it's a much simpler and least costly
16 solution for Verizon.

17 And we -- we go with standards. Just like the
18 LERG is an industry standard and we follow the LERG, and
19 that's why we follow the OBF guidelines. And under OBF, you
20 have your ordering and your billing guidelines.

21 Q. Would you explain what national enhancements
22 you're talking about related to Issue 2056?

23 A. Yes, sir. 2056 actually overlays an existing
24 process that is there today and that LECs have been
25 following for years with IXC's, which is basically the

1 exchange of records, the 11-01, the 11-50 records.

2 Now, there was several issues rolled up into
3 2056. 2056 identifies -- helps identify an exchange process
4 with CLECs and wireless for local and intraLATA toll where
5 there's not a state intraLATA toll compensation plan
6 existing.

7 And it also takes and does away with the
8 return of the 11-50 record. So what that does, that means
9 that the companies who have the 11-01 records, they share
10 those 11-01 records, but they can bill off of the 11-01
11 records. So what that does is it enables the carrier to
12 bill the company -- the telephone company to bill the
13 carrier faster.

14 Q. Okay. In cross-examination I believe
15 Mr. England may have asked you whether Peace Valley was in a
16 better position to ferret out the differences between
17 terminating records and originating records. Do you recall
18 that line of questioning?

19 A. Yes.

20 Q. Would it be your understanding that what he
21 was talking about was ferreting out the unidentified traffic
22 that we've talked about in this docket?

23 A. Yes.

24 Q. And I believe you indicated that you didn't
25 feel Peace Valley was in a better position than Verizon; is

1 that correct?

2 A. Yes.

3 Q. Would you agree that in order to identify the

4 unidentified traffic, it takes more than just one company

5 generally to do that?

6 A. Yes.

7 Q. Does the OBF issue help both parties ferret

8 out unidentified traffic, in your opinion?

9 A. I believe it does. It gives all of the

10 parties on a route the ability to go to any one of those

11 parties to request records to help identify the traffic. It

12 puts standards and guidelines around that.

13 Q. And what specifically about OBF 2056 is

14 enhancing that ability? Can you explain why you believe

15 that issue would improve that process?

16 A. Yes. Because it would give not only the

17 terminating company the ability to make terminating

18 recordings that would be basically used for bill validation,

19 but it would also give them the opportunity to go to a

20 tandem owner -- either the first or the second tandem owner

21 for copies of records that they record. And it also gives

22 them the ability to go straight to the originator to receive

23 copies from them.

24 So that way if you do have calls that go

25 tandem to tandem and you see that it originated over behind

1 an end-office from the first tandem, then you would have the
2 opportunity and have standards and guidelines where I can go
3 to you under this document and negotiate these records for
4 you.

5 So then they would have an originating record,
6 which does have the information that you need for your
7 billing like -- unlike the terminating record, but then you
8 could also have a terminating record to take and then
9 validate any bills that you receive or bounce up against any
10 originating records that you are receiving to do bill
11 validation also.

12 Q. Okay. I believe Mr. England also asked you
13 about the implementation of OBF 2056. And, if I recall, you
14 indicated that Verizon had already started meetings to
15 enhance its system pursuant to Issue 2056; is that correct?

16 A. Yes, sir. We have an inter-departmental
17 meeting scheduled for the 13th of February to start
18 identifying the requirements needed in our systems to
19 incorporate 2056. And our intent is to have this
20 incorporated by the third or fourth quarter of this year.

21 Q. And from the perspective of Verizon itself,
22 how will Issue 2056 improve your system?

23 A. It will improve our system to where, No. 1, we
24 will not -- we will not have to wait for the 11-50 records
25 to come back for us to do our billing, but it will also give

1 us the ability when we're an end-office behind a non-Verizon
2 tandem, to go out and actively seek records for our billing.

3 And now that I think about it, it would even
4 help us where we're the tandem owner where we're receiving
5 inter-tandem traffic from another LEC tandem owner. That
6 would give us the ability to go out and also receive those
7 records to bill our tandem switching to the originator.

8 Q. Okay. Mr. Johnson was asking you about a
9 state contract or a state system that was in place and you
10 were talking about agreements between Southwestern Bell, I
11 believe, and Verizon?

12 A. Yes.

13 Q. Is it your understanding that right now
14 there's a state compensation in place -- excuse me -- a
15 state compensation system in place?

16 A. That's my understanding.

17 Q. And is that basically the records, the
18 92 records --

19 A. Yes.

20 Q. -- process?

21 A. Yes. The 92 records.

22 Q. Now, when you talk about GTE's ITAC, would you
23 explain for the record again ITAC, what it is?

24 A. IntraLATA Toll Access Compensation plan.

25 Q. Is that another way of describing the

1 92 records systems that GTE is using?

2 A. That system accepts 92 records from other
3 companies.

4 Q. Okay. And is there a State requirement
5 related to other records like Category 11 records for the
6 Small Companies?

7 A. That's my understanding, that rather than
8 going into a 92 record process, that that is an 11 --
9 Category 11 process.

10 Q. Okay. And do you know if the 92 records
11 system is mandated by agreement between the companies, or
12 did that come about as a result of the Commission's order of
13 the PTC case, when it eliminated the PTC plan?

14 A. I'm not for sure about that. I believe that
15 the -- the 92 records have been in place for quite a while.

16 Q. Okay. Now, I believe Mr. England was asking
17 about the terminating records. And do you recall that line
18 of questioning or some -- about terminating records
19 generally?

20 A. Yes.

21 Q. Are terminating records that he was referring
22 to generally designed for dedicated trunk groups?

23 A. No -- yes. I'm sorry. Yes. Terminating
24 records are designed for dedicated trunk groups.

25 Q. Is there a current industry standard for

1 terminating records for a common trunk group right now that
2 you know of?

3 A. No, sir, there is not. I inquired and was
4 told that there was not an industry standard terminating
5 record that can be used on a common trunk group.

6 Q. And I believe either with Mr. Johnson or
7 Mr. England you discussed the possibility that a CLEC could
8 dispute a bill on some calls --

9 A. Yes.

10 Q. -- do you recall that?

11 Is one reason that a CLEC could dispute a bill
12 in that situation on calls to an ILEC -- is one reason for
13 that that Verizon's tariffs don't allow Verizon to charge
14 the CLEC for the ILEC's calls?

15 A. Verizon does not have a CLEC interconnection
16 tariff. Those are strictly by contract. Within the body of
17 the contract it specifically states that we are not
18 responsible for collection or payment of any third-party
19 traffic.

20 Q. And Mr. England, I believe, also asked you
21 regarding the Verizon policy about inter-tandem traffic.
22 Can you explain to the Commission why Verizon does not -- or
23 has that particular policy?

24 A. Yes, sir. When we first started looking at
25 how we wanted to implement interconnection with CLECs, we

1 recognized right up front that there was a huge compensation
2 issue with inter-tandem trunk traffic. Basically, the lack
3 of being able to identify some of that traffic.

4 So Verizon made the decision early and up
5 front not to inter-tandem switch that traffic unless those
6 new CLECs were willing to submit originating records just
7 like all the other LECs in the states that we operate in do
8 for intraLATA toll.

9 We do not inter-tandem switch local traffic
10 whatsoever and there's -- there's no provisions that we
11 would based upon any compensation plan. So for local,
12 that's never inter-tandem trunked with Verizon.

13 And with the intraLATA toll, it's not
14 inter-tandem trunked because of the compensation issues. So
15 when we recognized that up front, we made the decision that
16 we would not inter-tandem switch any CLEC traffic.

17 Q. Do you believe that that particular policy has
18 affected Verizon's overall success in the records exchange
19 process that came about in the records test?

20 A. Definitely.

21 MR. FISCHER: I believe that's all the
22 questions I have, your Honor.

23 JUDGE MILLS: Thank you.

24 Ms. Allison, you may step down. You may be
25 excused.

1 THE WITNESS: Thank you.

2 JUDGE MILLS: Let's take a 10-minute recess

3 and then we'll continue with Southwestern Bell Witness

4 Scharfenberg. We're off the record

5 (A RECESS WAS TAKEN.)

6 (Witness sworn.)

7 JUDGE MILLS: Thank you. You may be seated.

8 Mr. Bub, please go ahead.

9 MR. BUB: Thank you, your Honor.

10 RICHARD T. SCHARFENBERG testified as follows:

11 Q. Mr. Scharfenberg, could you please state your

12 full name for the record.

13 A. Richard T. Scharfenberg.

14 Q. And are you an engineer that's been hired by

15 Southwestern Bell to provide testimony in this case?

16 A. Yes, I am.

17 Q. And the same Richard Scharfenberg that caused

18 to be filed direct testimony that's been marked as

19 Exhibit 14, rebuttal testimony that's been marked as

20 Exhibit 15, and surrebuttal testimony that's been marked as

21 Exhibit 16?

22 A. Yes, sir.

23 Q. Are there any changes to those testimonies

24 that you need to make?

25 A. Yes. I have several changes. On my direct

1 testimony on page 9, in Table 2, the GR-349 listed in the
2 second and third lines of that table should have been
3 GR-394, transposition of digits.

4 Also, on Exhibit 3, RTS Exhibit 3 in the
5 middle of -- center of the page, again GR-249 should have
6 been GR-394.

7 Q. Okay.

8 A. Moving to my rebuttal testimony, the heading
9 on pages 2 through 6 should be reworded as Rebuttal
10 Testimony, not Direct Testimony.

11 Q. Any other changes to --

12 A. Yes.

13 Q. -- Exhibit 15?

14 A. And on page 2 of my rebuttal testimony, on
15 line 11 that should be changed to Mr. Schoonmaker's
16 observation at page 23, instead of 12.

17 And on my surrebuttal testimony on page 5, the
18 line 25 again, GR-349 should be changed to GR-394. And on
19 page 2 of my surrebuttal on line 19, you should insert the
20 word "rebuttal" in front of "testimony." It should read, On
21 page 9 of his rebuttal testimony.

22 And one last correction on page 4, line 21.
23 It should be page 10 instead of page 13. And that concludes
24 those.

25 Q. Thank you. With those corrections in mind, if

1 I were to ask you the same questions that are contained in
2 Exhibits 14, 15 and 16, would your answers be the same
3 today?

4 A. Yes. To the best of my knowledge.

5 Q. And those answers would be true and correct?

6 A. Yes.

7 Q. Thank you.

8 MR. BUB: With that, your Honor, I would like
9 to offer into evidence Exhibits 14, 15 and 16 and offer
10 Mr. Scharfenberg for cross-examination by the other parties.

11 JUDGE MILLS: Are there any objections to the
12 admission of Exhibits 14, 15 or 16?

13 Seeing none, they will be admitted.

14 (EXHIBIT NOS. 14, 15 AND 16 WERE RECEIVED INTO
15 EVIDENCE.)

16 MR. BUB: Thank you, your Honor.

17 JUDGE MILLS: Cross-examination, Mr. Fischer?

18 MR. FISCHER: No questions, your Honor.

19 JUDGE MILLS: Mr. Minnis?

20 MR. MINNIS: No questions.

21 JUDGE MILLS: Public Counsel is not present.
22 Staff?

23 MR. KRUEGER: No questions, your Honor.

24 JUDGE MILLS: Mr. England?

25 MR. ENGLAND: Thank you.

1 CROSS-EXAMINATION BY MR. ENGLAND:

2 Q. Good morning, Mr. Scharfenberg.

3 A. Good morning, Mr. England.

4 Q. I think I want to start with, if I could find
5 it, your surrebuttal testimony, if I may, please --

6 A. Okay.

7 Q. -- page 3.

8 A. I have it.

9 Q. And I'm paraphrasing, but as I understand, you
10 list a number of factors that go into the decision to
11 establish separate trunk groups. Do you see that?

12 A. Yes.

13 Q. And these include such things as type of
14 traffic, volume of traffic, distance, labor, facility costs,
15 etc.?

16 A. That's correct.

17 Q. Okay. Let me ask you about certain factors
18 that -- or at least the type of traffic factor that impacts
19 the decision to establish separate trunk groups. What are
20 some of the types of traffic where separate trunk groups are
21 established?

22 A. I list those as examples on that line 14 as --
23 toll traffic, local traffic and operator services are the
24 three main. Another one would be emergency 911-type
25 services.

1 Q. Okay. One of the others I believe you
2 supplied to us in response to a Data Request 3.8 was
3 verification; is that --
4 A. That would be another -- that would be another
5 type.
6 Q. Okay. And let me talk about verification
7 trunk groups, if I can. Why are they established, please?
8 A. Verification trunk groups are used so that the
9 operator in case of emergencies can actually go into the
10 line and see if it's, like, being used for conversation or
11 if it's out of service or -- basically it's for a complaint
12 of that nature, where we're trying to see if -- the status
13 of the line. And only the operators have access to those.
14 Q. Okay. And these are separate and distinct
15 trunk groups --
16 A. Yes.
17 Q. -- from the others?
18 A. Because of the security issue, they have to be
19 separate and we handle those in a different manner.
20 Q. Okay. And typically are these two trunk
21 groups -- or two trunks, excuse me?
22 A. Typically, they're two trunks. The reason for
23 that, if one trunk gets in trouble, we still have access to
24 the other trunk.
25 Q. For redundancy purposes?

1 A. Right.

2 Q. And are they typically established to every
3 end-office that subtends your tandems?

4 A. Yes.

5 Q. Now, as I understand, EAS trunk groups are
6 another example of where trunks are established separate and
7 distinct from toll and other trunks?

8 A. That would be a form of local traffic, yes.

9 Q. And if I may have an exhibit marked, I would
10 like to talk to you about some of the EAS trunks that are
11 established here in Missouri.

12 A. Okay.

13 MR. ENGLAND: This a response to our Data
14 Request No. 3.10.

15 JUDGE MILLS: This will be Exhibit 38 and it
16 will be Southwestern Bell Telephone's response to STCG's
17 DR 3.8.

18 MR. ENGLAND: 3.10.

19 JUDGE MILLS: 3.10. Thank you.

20 (EXHIBIT NO. 38 WAS MARKED FOR
21 IDENTIFICATION.)

22 JUDGE MILLS: I think I'm short one. Do you
23 have another?

24 MR. ENGLAND: Sure do.

25 JUDGE MILLS: Go ahead.

1 BY MR. ENGLAND:

2 Q. Mr. Scharfenberg, let me turn your attention
3 to Data Request Response 3.10. Do you have that in front of
4 you?

5 A. Yes, I do.

6 Q. My understanding is it's been marked for
7 purposes of identification as Exhibit 38 in this proceeding.
8 And I notice that you weren't the person responsible for
9 answering that data request, but I hope you'll verify its
10 accuracy for me.

11 A. I have no reason to doubt the accuracy of this
12 document.

13 Q. What I want to visit with you about is the EAS
14 trunks that we were talking about a minute ago. My
15 understanding is when you have EAS routes between
16 Southwestern Bell and perhaps another ILEC, you establish a
17 separate trunk group for carrying that traffic and keeping
18 it off what would otherwise be, I guess, the toll trunk; is
19 that right?

20 A. That was a common practice many years ago when
21 we formed these new EAS routes. The switching equipment,
22 the equipment in the network was used and it was segregated
23 off into a local trunking network like a metropolitan
24 trunking network.

25 Q. Okay. Looking at the response to the answer,

1 and I'm just looking generally at the various trunks that
2 are listed there, and are those CLLI codes identifying the
3 exchange or is that some other acronym that I'm not aware
4 of?

5 A. The Location A, Location Z column would be
6 CLLI codes that have a from and to location.

7 Q. And what is CLLI? How does that --

8 A. Common Language Location Identification Code,
9 I think is the --

10 Q. C-L-L-I?

11 A. Right.

12 Q. Okay. Thank you. For example, on line 1 --
13 and believe me, I didn't know this, I had to have my own
14 interpreter -- that would be a Mexico to Vandalia route, I
15 believe?

16 A. Not being familiar with the codes in Missouri,
17 but that -- that appears to be a good assumption.

18 Q. But it does identify specific exchanges --

19 A. Right.

20 Q. -- correct?

21 And I don't know that it's important that we
22 identify what they are, but the point that I wanted to make
23 or note is that a number of these trunks are less than 50 in
24 size. Correct?

25 A. That's correct.

1 Q. Okay. Relatively small trunk groups for this
2 traffic?

3 A. That's correct.

4 Q. Okay. Thank you. I'd like to turn you now to
5 your direct testimony, please, page 17, the table that
6 appears in that testimony, Table 6, I guess.

7 A. Yes, sir.

8 Q. And I think I've seen this before, but what
9 you're attempting to show here is the singling -- excuse
10 me -- signaling and associated AMA recording standards; is
11 that right?

12 A. For the different types of traffic, yes.

13 Q. And who establishes the recording standards,
14 sir?

15 A. These are standards that are nationwide
16 industry accepted. There are several standards committees
17 that develop these standards and then they are given to the
18 switch manufacturers and they manufacture the switches
19 according to these standards.

20 Q. Well, for example, does the OBF establish
21 these standards or is it some other national organization?

22 A. OBF is, as I understand it, an organization
23 that works with the ATIS, A-T-I-S, which is the Alliance for
24 Industry Standards Solution -- Industry -- Telecomm-- let me
25 get it.

1 Q. Sure.

2 A. The Association -- Alliance of

3 Telecommunications Industry Solutions. And they have -- OBF

4 is one of the organizations underneath that umbrella. And

5 the T1 series of committees are underneath that umbrella.

6 And they work together to develop these standards, yes.

7 Q. So is it adopted or issued by the ATIS or OBF

8 or --

9 A. OBF will issue their own documents.

10 Q. I guess I want to know who sets the standards

11 for the --

12 A. Bellcore, as I refer to many of these, GR's

13 are Bellcore or Telcordia documents that are used to

14 basically publish the standards. And so Bellcore actually

15 publishes the standards in these particular GRs.

16 Q. Okay.

17 A. And Bellcore also has another document where

18 they publish the call codes that are reflected here.

19 Q. Okay. And if I'm reading your table

20 correctly, apparently there are no recording standards for

21 traffic terminating on the Feature Group C or what you call

22 LEC network?

23 A. That's correct.

24 Q. So am I correct in concluding that the

25 originating 92, or for that matter, Category 11 records that

1 are used today in Missouri and are proposed by Southwestern
2 Bell and the other PTCs to this case to be used in the
3 future, these records are not industry standard records for
4 recording traffic terminating on the Feature Group C
5 network?

6 A. Well, we're mixing apples and oranges here.
7 The recording standard, the call code is -- for example, the
8 originating Feature Group C has a call code 006. That is a
9 switch terminology. Once that record is flowed into the
10 billing process, the Category 2, Category 11, other category
11 records, that is billing terminology and not network
12 terminology.

13 Q. Okay.

14 A. So the standard call code 006 flows into the
15 category billing systems.

16 Q. But that standard is not a standard for
17 traffic terminating from the LEC network. Correct?

18 A. Rephrase that, please.

19 Q. I think you told me -- and we're getting way
20 above my head -- but you said the call code 006 is a
21 standard?

22 A. For originating Feature Group C traffic.

23 Q. My point is, and that is what evolves into a
24 92 record somewhere down the line. Right?

25 A. That is my understanding.

1 Q. But that call code 006, while it may be a
2 standard for originating is not a standard for, quote,
3 terminating from the LEC network, end quote. Right?
4 A. It's not a terminating record, correct.
5 Q. I just want to make it clear that if I'm
6 reading this table correctly, whether you want to call them
7 call codes 006 or the 92 billing records that are produced
8 as a result of that, are no more standard than the 119 call
9 codes that we propose to create at the termination of a call
10 on the LEC network?
11 A. No. I disagree. The 006 is a standard
12 record.
13 Q. I'm talking relative -- I'm making a
14 comparison. Well, the 119 code is a standard too, isn't it?
15 A. Not for Feature Group C.
16 Q. No.
17 A. It is for Feature Group D, as reflected in the
18 table. So the 006 is a standard call record that is made by
19 the switch for an originating Feature Group C call. And the
20 119 is a standard call code for a terminating Feature
21 Group D call. Those are both standard for their particular
22 use.
23 Q. I understand. But I want to make it clear, I
24 think, that as far as this good housekeeping seal of
25 approval for industry standard records by Bellcore,

1 Telcordia, whoever that is, neither call code 006 or call
2 code 119 are recording standards for traffic terminating
3 from the LEC network?

4 A. Not for the Feature Group C network, that's
5 correct. Neither one of them are standard.

6 Q. A couple of pages later in your direct
7 testimony on 19, please --

8 A. Yes, sir.

9 Q. -- there you discuss the capability to record
10 calls at line 7?

11 A. Yes, sir.

12 Q. Do you see that? You say, The capability to
13 record calls in the terminating end-office may be possible
14 in some switch types, but has limitations and is not
15 considered standard by the industry?

16 A. That's correct.

17 Q. And that's the 119 code that we talked
18 about --

19 A. That's correct.

20 Q. -- a minute ago?

21 Okay. But I think you've agreed with me that
22 the 006 code is not a standard for that either. Correct?
23 Or, excuse me, is not considered standard by the industry
24 for terminating from the --

25 A. The 006 record is not used for terminating

1 recording.

2 Q. Nor is it considered standard for --

3 A. For terminating --

4 Q. -- terminating?

5 A. -- calls.

6 Q. Okay. Later on in that answer, lines 10

7 through 12, you say that, The use of terminating records

8 does not allow the identification of the responsible service

9 provider for the call, thus resulting in incorrect billing.

10 Do you see that?

11 A. Yes.

12 Q. Now, that statement, would you agree with me,

13 assumes that the correct party to be billed is the

14 originator of the call?

15 A. I can agree with that.

16 Q. Conversely, if the correct party to be billed

17 is the owner of the trunk group as it is in the Feature

18 Group D network, it's not necessary to have originating

19 carrier or number identification, is it?

20 A. Well, the use of the 119 on the Feature

21 Group C terminating trunk group to me is non-standard and

22 should not be used. And I can explain that. The Feature

23 Group C --

24 Q. I don't need -- I don't need an explanation.

25 I know your position on that. My question, I believe, was

1 different.

2 A. Okay.

3 Q. My question was, you don't need to know the
4 originator or the originating number on your call code
5 terminating if the correct party to be billed is the owner
6 of the trunk group?

7 A. That's assuming the call code you're using is
8 being used correctly in the switch. And if it's being used
9 for a GR-317 signal trunk group, we consider that not the
10 proper record to be used in that terminating trunk group.

11 Q. I understand that you want to work with your
12 proposal, but if our proposal is successful, we don't have
13 to bill the originating carrier for all of this traffic. We
14 are proposing to bill the terminating carrier for some of
15 this traffic that may be originated by others. You
16 understand that's our proposal?

17 A. I understand that is your proposal, but you're
18 proposing using non-standard recording to do it.

19 Q. If that traffic came to us on Feature Group D,
20 it would be the standard?

21 A. If it was using the 394-GR protocol, that
22 would be standard.

23 Q. Okay. Only if you accept your underlying
24 premise that the originating carrier is responsible for
25 paying for the call do you have a problem with these

1 terminating records because they can't identify that carrier
2 in all respects?

3 A. From a network standpoint, I'm trying to use
4 the proper AMA call code and the proper type of trunk group.

5 Q. There is no proper AMA call code for
6 terminating from the LEC network.

7 A. That's my point.

8 Q. But you're trying to force us to use call code
9 006. As a matter of fact, that's what you're using today.
10 Correct?

11 A. The billing system uses the originating record
12 made -- using 006 call code and the originating switch,
13 that's correct. That's what we use today.

14 Q. And that's what you're trying to suggest,
15 advocate for continuation after this case. Correct?

16 A. Until a standard is developed for terminating
17 recording on a Feature Group C terminating trunk group.

18 Q. Oh, by the way, the OBF didn't tell us in
19 their latest announcement, 2056, what the recording standard
20 is for traffic terminating from the LEC network, did it?

21 A. I'm not familiar with 2056.

22 Q. Let me go back to your table, page 17. Let's
23 just work on the last line. At least get you to hopefully
24 agree with me, that for purposes of traffic terminating from
25 the IXC network, or what we've called the Feature Group D

1 network, the call code 119 does not need to identify the
2 originator of the traffic, does it?

3 A. It currently uses a trunk group identifier.

4 Q. And it does not need to identify the
5 originator?

6 A. That's correct.

7 Q. And that is a standard record that --

8 A. It made the first point of entry in the
9 network.

10 Q. Okay. Are those records, the call code 119,
11 always created whenever traffic enters the first point of
12 the LEC network?

13 A. Where you have a Feature Group D IXC
14 connection, yes.

15 Q. Okay. But if it's a Feature Group C
16 connection with, say, a CLEC, that record isn't necessarily
17 created?

18 A. Southwestern Bell does not use that record.

19 MR. ENGLAND: Thank you, sir. No other
20 questions.

21 JUDGE MILLS: Thank you.

22 Mr. Johnson?

23 MR. JOHNSON: No, thank you.

24 JUDGE MILLS: Questions from the Bench.

25 THE WITNESS: Yes, sir.

1 QUESTIONS BY JUDGE MILLS:

2 Q. I'm going to give you the same questions that

3 Vice-chair has asked me to ask of all the witnesses. You've

4 been in the hearing room for the past two days; is that

5 correct?

6 A. Yes, I have, your Honor.

7 Q. And so you're familiar with the 50/50 split

8 proposal that Sprint Witness Cowdrey has put forth; is that

9 correct?

10 A. I heard that discussion, yes.

11 Q. And what is your response to that proposal?

12 A. That is really not a network issue. And I

13 think Mr. Hughes outlined the Southwestern Bell position on

14 that.

15 Q. Okay. The next question is, have you done any

16 calculations to determine the cost of implementing the Small

17 Telephone Company Group and the MITG proposal?

18 A. No, sir.

19 Q. Now, how do you answer the question of since

20 all the parties are present, the former PTCs and the small

21 LECs in this hearing, isn't it judicially efficient to go

22 ahead and decide the business relationship in this case?

23 A. Again, that's not a network issue and I'd

24 defer to Mr. Hughes' testimony.

25 JUDGE MILLS: Thank you. That's all the

1 questions I have.

2 Instead of going through the list, are there
3 any further cross-examination based on these questions?

4 Seeing none, we'll go right to redirect.

5 MR. BUB: Thank you, your Honor. I again just
6 have a few.

7 REDIRECT EXAMINATION BY MR. BUB:

8 Q. Mr. Scharfenberg, Mr. England asked you
9 several questions about the call code 006, and you indicated
10 that an 006 is not standard in the industry for recording
11 terminating Feature Group C traffic; is that right?

12 A. Yes.

13 Q. Under current standards, where is that type of
14 traffic to be recorded?

15 A. The commonly accepted industry practice is
16 that Feature Group C traffic is recorded in the originating
17 office using call code 006.

18 Q. Okay. Mr. England also asked you about
19 119 records. Could you tell us why, in your view, it isn't
20 appropriate to use a 119 record to record terminating
21 Feature Group C traffic?

22 A. Yes. It's my testimony, as outlined, the
23 119 record is used to record incoming Feature Group D
24 traffic that uses GR-394-type signaling in the first point
25 of entry in the network.

1 Use for that record in the Feature Group C
2 network -- even though the record is standard for one use,
3 it is being used, in our opinion, improperly for recording
4 Feature Group C traffic.

5 That's real complicated. I've been trying to
6 think of an analogy to simplify that explanation and I tried
7 to get a food analogy, cookies and that stuff, didn't work.
8 So I moved over to the sports arena. And to me, it's like
9 bringing a hockey stick that's standardized for use in the
10 National Hockey League into a baseball game and wanting to
11 use that stick as a bat. Well, the baseball people haven't
12 standardized on using that hockey stick as a bat.

13 So, you know, that's to me what we're talking
14 about here is you have a standard instrument being used in a
15 non-standard way.

16 MR. BUB: Thank you. Those are all the
17 questions we have, your Honor.

18 JUDGE MILLS: Thank you.

19 Mr. England, you had marked Southwestern
20 Bell's Response to your DR 3.10. Would you like to offer
21 that?

22 MR. ENGLAND: Yes, sir, I would.

23 JUDGE MILLS: Are there any objections to the
24 admission of Exhibit 38?

25 MR. BUB: No, your Honor.

1 JUDGE MILLS: Seeing none, it will be
2 admitted.
3 (EXHIBIT NO. 38 WAS RECEIVED INTO EVIDENCE.)
4 JUDGE MILLS: Mr. Scharfenberg, you may step
5 down and you may be excused.
6 MR. ENGLAND: Your Honor, looking at my list,
7 I think I may have neglected to offer another exhibit that I
8 had marked, Exhibit 33, which was a copy of the Oregon
9 Farmers access tariff -- a sheet from that tariff, rather.
10 JUDGE MILLS: I show that as being offered and
11 admitted. However, just to be on the safe side --
12 MR. ENGLAND: Never mind.
13 JUDGE MILLS: -- let's do it again. Are there
14 any objections to the admission of Exhibit 33?
15 MR. BUB: No.
16 JUDGE MILLS: Okay. If it had not been
17 admitted before, it's admitted now.
18 MR. ENGLAND: Thank you, your Honor.
19 MR. BUB: Your Honor, while we're talking
20 about exhibits, at the beginning of the proceeding Staff had
21 filed the report from the industry on the network test that
22 was done.
23 JUDGE MILLS: That's correct.
24 MR. BUB: And I don't know if that's been
25 offered as an exhibit here.

1 JUDGE MILLS: It has not. It's been filed
2 more or less as a pleading.

3 MR. BUB: I think we'd like to have it offered
4 as an exhibit. And I don't have three copies with me, but
5 if we could maybe reserve an exhibit number, that way we
6 could get it into evidence in this case.

7 JUDGE MILLS: Do any of the parties object to
8 having the final report entered as a piece of evidence in
9 this case?

10 MR. ENGLAND: No, your Honor. I would note
11 that subsequent to the filing of the report, there was some
12 additional either corrections or I think an attachment that
13 was neglected from the -- that should have been filed with
14 the original report. And so as long as the subsequent
15 amendments are incorporated into that exhibit, I have no
16 objection.

17 MR. BUB: Mr. England's right and we would
18 agree with that, if it would help out.

19 JUDGE MILLS: Mr. Krueger, it looked like you
20 were about to say something.

21 MR. KRUEGER: Essentially the same thing he
22 said. We want to make sure that this supplement is filed
23 and made a part of this final report.

24 JUDGE MILLS: I assume somebody will have a
25 chance to make three copies before we adjourn, so I won't

1 reserve an exhibit number. We'll just give it a number
2 whenever we make copies and mark it then.

3 I think we are up to Dunlap.
4 (Witness sworn.)

5 JUDGE MILLS: Thank you. You may be seated.
6 Please go ahead.

7 MR. BUB: Thank you, your Honor.

8 JOYCE L. DUNLAP testified as follows:
9 DIRECT EXAMINATION BY MR. BUB:

10 Q. Ms. Dunlap, could you please state your full
11 name for the record.

12 A. Joyce L. Dunlap, D-u-n-l-a-p.

13 Q. Where are you employed?

14 A. By Southwestern Bell Telephone Company.

15 Q. What's your position with Southwestern Bell?

16 A. Associate director, exchange carrier relations
17 and settlements for Missouri.

18 Q. Are you the same Joyce Dunlap that caused to
19 be filed direct testimony in this case that's been marked as
20 Exhibit 11, rebuttal testimony that's been marked as
21 Exhibit 12, and surrebuttal that's been marked as
22 Exhibit 13?

23 A. Yes, I am.

24 Q. Do you have changes to any of those pieces of
25 testimony?

1 A. Yes. I have two changes, please. The first
2 is to my direct testimony on page 22 on line 1 of that page,
3 if you would change AG655 to reflect AG627. And then the
4 same correction would apply on the next -- on that same line
5 through AG627. So the line would read, Feature Group A
6 traffic, dash, AG627-001 through AG627-004 Report.

7 Q. What's your next change?

8 A. The next change is to my rebuttal testimony on
9 page 10, line 20. And in both of those places we're
10 correcting AG655 to be AG627.

11 Q. Are there any other changes you need to make?

12 A. No.

13 Q. With those change in mind, if I were to ask
14 you the same questions that are contained in Exhibits 11, 12
15 and 13, would your answers be the same today?

16 A. They would.

17 Q. Okay. And are those answers true and correct,
18 to the best of your knowledge?

19 A. They are.

20 Q. Thank you.

21 MR. BUB: Your Honor, with that I'd like to
22 offer Exhibits 11, 12 and 13 into evidence, and offer
23 Ms. Dunlap for cross-examination by other parties.

24 JUDGE MILLS: Are there any objections to the
25 admission of Exhibits 11, 12 or 13?

1 Hearing none, they will be admitted.
2 (EXHIBIT NOS. 11, 12 AND 13 WERE RECEIVED INTO
3 EVIDENCE.)
4 MR. BUB: Thank you, your Honor.
5 JUDGE MILLS: Thank you.
6 Cross-examination, Mr. Fischer?
7 MR. FISCHER: No questions.
8 JUDGE MILLS: Mr. Minnis?
9 MR. MINNIS: No questions.
10 JUDGE MILLS: Public Counsel is not present.
11 Mr. Krueger?
12 MR. KRUEGER: Thank you, your Honor.
13 CROSS-EXAMINATION BY MR. KRUEGER:
14 Q. Good morning, Ms. Dunlap.
15 A. Good morning, Mr. Krueger.
16 Q. I'd like to also thank you on the record for
17 the work that you did in regard to the local record test,
18 because I know that you were very instrumental in helping to
19 organize and conduct and get that recorded.
20 A. Thank you.
21 Q. Calling your attention to your direct
22 testimony, page 9 beginning at line 18, you discuss a
23 problem that was identified during the record test
24 pertaining to Local Plus usage?
25 A. Yes, sir.

1 Q. How long was it from the time that
2 Mid-Missouri first complained to Southwestern Bell that
3 there was a problem until the time that Southwestern Bell
4 understood the nature of the problem?

5 A. Mid-Missouri first started recording their
6 terminating traffic, I believe, at the end of '99. In
7 approximately February of 2000, they contacted me saying
8 that they were seeing a difference in traffic being recorded
9 at their switch versus traffic that we were sending them or
10 was coming over the common trunk group.

11 Q. I'm sorry. When did you say they mentioned it
12 to you?

13 A. In February of 2000.

14 Q. Thank you.

15 A. We had -- Mr. Jones and I had several
16 conversations about this. What he thought he was seeing
17 coming over the trunk group was IXC traffic. So we went
18 back and verified all our term-- well, our blocking in our
19 tandems because Mr. Jones -- or Mid-Missouri Telephone has a
20 tandem, So IXC traffic shouldn't be coming through my common
21 trunk group. We found one or two NXX codes that were not
22 blocked. We corrected that.

23 And then in -- and this was during the period
24 of February to March time frame. Mr. Jones reported that he
25 was still seeing traffic. So we asked that he send us some

1 records, which he did. And the majority of that looked
2 like -- to us because we just had, you know, from and to
3 numbers, looked like it was traffic that shouldn't be coming
4 over the common trunk group. So we were investigating that.
5 And at the same time we were conducting the 48-hour records
6 test.

7 So the piece that Mr. Jones reported to us, we
8 were looking in one direction, the IXC, when what we found
9 during the 48-hour records test turned out to be another
10 problem.

11 So there -- you know, I guess we first started
12 looking in February of 2000 and then through the use of our
13 Hewlett Packard System and the 48-hour record test, I think
14 we discovered what the problem was and that was probably in
15 August of 2000.

16 Q. Okay. Thank you. And how long was it from
17 the time that you realized that Local Plus was being
18 incorrectly recorded until the time that the corrections
19 were made in all of the Ericsson switches?

20 A. I believe we first discovered the Ericsson
21 problem approximately August the 4th. And we thought at
22 first it was limited to the Ericsson switches in the Kansas
23 City LATA. We corrected the switches in the Kansas City
24 LATA, I believe -- let me see here, August the 11th.

25 And subsequent to that, we asked our network

1 department to go back and check the Ericssons at all of our
2 switches. And they determined that there were problems in
3 all of the Ericsson switches. And those switches are
4 located in the Kansas City, the St. Louis LATA and the
5 Westphalia LATA.

6 And they were corrected anywhere -- the
7 St. Louis LATA corrected approximately September the 8th,
8 and then the Westphalia LATA was corrected approximately
9 September 18th.

10 Q. Okay. Thank you. Do you know or have any
11 ability to estimate how many manhours were required to
12 identify the cause of this incorrectly recorded traffic?

13 A. No. I really don't. Because it was really --
14 the problem with the Ericssons was discovered during our
15 48-hour records test and we never attempted to track the
16 manhours that were going to be involved in this records test
17 and the setting up of our HP System and, you know. So, no,
18 I really can't.

19 Q. Okay. Do you know how many manhours were
20 required to fix the problem?

21 A. No. I know that the process was that they
22 went into each of the switches and corrected the
23 translations -- well, first of all, verified that they had a
24 problem, corrected the translations and then did test calls
25 to make sure that the switch was now recording the proper

1 record. So I don't know how much -- how many actual
2 manhours. I know what they had to do, but I don't know how
3 long it took.

4 Q. Would you say it was a substantial amount of
5 time?

6 A. I would -- I mean, I'm not going to say it was
7 months. It was -- if you put all the Ericssons together, I
8 would -- if I had to guess, I'd guess maybe an hour -- not
9 an hour, 40-hour work week, 40 hours perhaps.

10 Q. Thank you. In your direct testimony, page 12,
11 lines 13 to 20, specifically line 16, you say, It
12 demonstrates that the originating records process works as
13 designed.

14 Do you see that?

15 A. Yes, I do.

16 Q. And would you conclude that errors in the
17 process of programming are costly and difficult to correct?

18 A. I believe -- I would say that any error -- I
19 mean, it needs to be fixed and, yes, it can be costly and
20 time consuming to fix.

21 Q. So even though the process works as designed,
22 it is expensive to correct problems?

23 A. It can be, yes.

24 Q. Now, calling your attention to your
25 surrebuttal testimony, page 2, lines 3 to 11 --

1 A. I'm sorry. Page 2?

2 Q. Page 2 --

3 A. Uh-huh.

4 Q. -- lines 3 to 11.

5 A. Okay.

6 Q. This again pertains to the Mid-Missouri

7 problem that we've been talking about. Was Southwestern

8 Bell able to identify and resolve -- would Southwestern Bell

9 have been able to identify and resolve the programming error

10 without Access 7?

11 A. I think we would have, yes. Access 7 made it

12 easier to do that because the system was running at the same

13 time as the Missouri records test was running. And it's

14 an -- it's an independent system. And I believe it made it

15 easier to pinpoint that difference.

16 Q. And would you have been able to do it without

17 the records test that was conducted?

18 A. Yes. I believe we would have because -- I

19 mean, we weren't going to give up on what was causing this

20 problem that Mr. Jones was having and anybody else. I mean,

21 we haven't in the past. I mean, companies do bring problems

22 to me and we research.

23 MR. KRUEGER: Thank you. That's all the

24 questions I have.

25 JUDGE MILLS: Thank you.

1 Mr. England?

2 MR. ENGLAND: Thank you.

3 CROSS-EXAMINATION BY MR. ENGLAND:

4 Q. Good morning, Ms. Dunlap.

5 A. Good morning, Mr. England.

6 Q. Before I begin my examination, I too would

7 express my appreciation for your work in this process. I

8 know it wasn't easy. And, more importantly, is this going

9 to be your last time on the witness stand?

10 A. I think so.

11 Q. Well, I've enjoyed our association and you

12 will be missed.

13 A. I do too.

14 Q. Now, let's get down to business.

15 A. Okay. No niceties.

16 Q. So much for the pleasantries. No. Truly,

17 best wishes to you in your retirement.

18 A. Thank you.

19 MR. ENGLAND: Can I have an exhibit marked?

20 It's another, I believe, response to data request.

21 JUDGE MILLS: If you promise you'll remember

22 to offer it.

23 MR. ENGLAND: You're putting these very

24 difficult burdens on me, your Honor.

25 This is Southwestern Bell Telephone Company's

1 Response to Data Request 3.17.
2 (EXHIBIT NUMBER 39 WAS MARKED FOR
3 IDENTIFICATION.)
4 JUDGE MILLS: Go ahead.
5 BY MR. ENGLAND:
6 Q. Ms. Dunlap, do you have Exhibit 39 before you,
7 which I understand to be your response to our Data Request
8 3.17?
9 A. I do.
10 Q. And the good news is it appears you prepared
11 this response, so hopefully you'll be able to tell me that
12 that's an accurate copy of the response you provided?
13 A. It is, Mr. England.
14 Q. Thank you. Briefly, I think what this
15 response request does, among other things, it summarizes in
16 addition to the Local Plus recording problem, some of the
17 other problems that you found as you went through this
18 network test?
19 A. It does.
20 Q. Okay.
21 A. Yes.
22 Q. And without going through it in detail, but
23 apparently there was a trunk group between Mid-Missouri and
24 Southwestern Bell that had an improper NPA?
25 A. Correct. It was, I believe, at the tandem.

1 Q. But did that impact the originating records?
2 A. No, it did not. The recording of the calls to
3 Mid-Missouri would have -- would have been made at the
4 originating end-office, so no, it would not.
5 Q. Okay. Not unless it was something you had
6 to -- or felt like you needed to correct as a result of the
7 test?
8 A. Yes. As part of the test, we asked the
9 network people to verify a lot of stuff, and this was one of
10 the things they did correct.
11 Q. Okay. Bullet point 2 references some OCA
12 calls from Marshall, Missouri?
13 A. Yes. That is correct.
14 Q. Now, am I correct in understanding that would
15 have affected the originating records?
16 A. Yes. That would have.
17 Q. Okay.
18 A. Yes.
19 Q. Once that's corrected, some additional
20 originating records were found?
21 A. Some -- yes. Some -- on calls -- 006 records
22 would have then been created.
23 Q. Okay. And then there were more OCA calls from
24 up around the Kirksville area it looks like? Well, actually
25 there's a number of exchanges there --

1 A. Right.

2 Q. -- third bullet point.

3 A. It looks like it's Kirks-- well, Kirksville,
4 Armstrong, Boonville, Downey, Edina, Fayette, Glasgow,
5 Higbee, Lancaster and New Franklin. And the problem there
6 was that we were creating two records.

7 Q. Were you passing two records?

8 A. No. We were passing -- I believe, as far as I
9 know, we were passing the 006 compensation record. And the
10 001 record would not have been passed because the 001 is a
11 local record and the 92 record process or the originating --
12 our compensation process would not have picked up that 001,
13 but would have picked up the 006 and created a Cat 11 record
14 and flowed it to the company.

15 Q. The final bullet point is an MCI trunk group
16 BPS Telephone Company and the Southwestern Bell Sikeston
17 tandem, I assume?

18 A. That's correct.

19 Q. It says it was not building AMA records; is
20 that right or --

21 A. That's -- yes. That's what the network people
22 term it.

23 Q. Is that the same thing as not creating AMA
24 records?

25 A. Yes. That would be.

1 Q. Okay. So that would have affected the number
2 of originating records that BPS received, at least for
3 purposes of the test?

4 A. It would have affected -- yes. And it would
5 have affected Southwestern Bell and BPS, yes. We are not
6 building a record.

7 Q. Now, I know that this data request response
8 was provided to us sometime prior to the proceeding and
9 prior to the finalization of the report so I want to ask
10 you, are there any other errors that you may have found
11 since the completion of this data request and the completion
12 of the report?

13 A. Not to my knowledge, no.

14 Q. Okay. I know that in one instance one of the
15 settlement offers that you made to, I believe, Citizens
16 Telephone Company there was a question about lack of certain
17 Local Plus traffic from a particular exchange. Do you
18 recall that?

19 A. I received, I think it was this Monday, a
20 letter from Mr. Sappington at Citizens Telephone. And in
21 that letter he expressed some concern, because what I had
22 done when I did an estimate of the adjustment was provided
23 worksheets that showed the originating switches, and really
24 wanted the companies to review that.

25 And Mr. Sappington had a question on it. I

1 had called him Monday afternoon and told him that I would
2 definitely look at the data that I had pulled to make that
3 estimate, and definitely if there was some error that I made
4 in pulling that data, I would update the settlements and
5 correct that. I did tell him I wouldn't have a chance to do
6 that until next week.

7 Q. Okay. Well, and I don't have Mr. Sappington's
8 correspondence in front of me, but was the gist of it was
9 that he was concerned about your record for that first
10 month, when you turned up the Local Plus recording, didn't
11 appear to contain records from one particular switch?

12 A. I believe he was concerned about -- I want to
13 say Dobb Noster.

14 Q. Knob Noster?

15 A. Yes. And I know that I have records for that
16 for other companies so, you know, I told him I -- I would
17 definitely go and look. I mean, I may have -- because when
18 we got these records, we started them by terminating
19 company. And there's a possibility that I made an error
20 when I started --

21 Q. Okay.

22 A. -- so --

23 Q. And you haven't had an opportunity to fully
24 investigate that?

25 A. No. Because that was Monday afternoon and I

1 left the office on Tuesday, so no.

2 Q. Looks like you didn't need to get down here
3 until Friday, Ms. Dunlap.

4 A. I know. I could have looked at my records.

5 Q. In the final report on the record test
6 Southwestern Bell provided details of its review of the
7 unmatched record. And in those appendices a number of calls
8 are identified as no originating number provided by the
9 telephone company. Would you agree with me?

10 A. Yes.

11 Q. Now, my question to you is, why wasn't the
12 Hewlett Packard System used to identify these calls?

13 A. Those calls -- I don't -- during the 48-hour
14 records test, I don't know how much the Hewlett Packard
15 System was deployed. They were -- they brought that system
16 to us especially for the 48-hours records test and gave us
17 capacity on their system. So what we were saying -- and I
18 don't have any information from Hewlett Packard on the no
19 originating numbers.

20 Q. Essentially -- I mean, would that answer be
21 essentially the same if I were to ask you why the Hewlett
22 Packard System didn't pick up the problem between -- the MCI
23 trunk between BPS and Sikeston?

24 A. It did pick that up.

25 Q. Okay. And when did it pick that up?

1 A. I can't tell you. It was during our
2 reconciliation, because what we did was the records and --
3 and the records from the Hewlett Packard System are unique
4 to that system. I mean, they're -- I can't -- I mean, I
5 don't read them. I don't know how to.

6 So the people who administer the Hewlett
7 Packard System were summarizing those and they did pick up
8 on the BPS trunk group, as part of the reconciliation,
9 because what they did was they analyzed the data for the
10 test companies that they reported against our records. And
11 that was an ongoing process through this whole
12 reconciliation.

13 Q. Is it your understanding then that if the
14 Hewlett Packard System is fully deployed, it will enable you
15 to track down, if you will, these unmatched calls which are
16 now referred to as no originating number?

17 A. I believe it will give me, yes, some better
18 tools to be able to do that, yes.

19 Q. I believe it's your direct testimony, page 13,
20 lines 17. I'll paraphrase. Are you there?

21 A. Yes, I am.

22 Q. It appears you say, The call code 119 AMA
23 records did not contain all the information necessary for
24 the proper billing of terminating access. The
25 identification of the originating provider of the call,

1 which is the -- which is the party responsible for paying
2 terminating access, is not identified on the call code 119.
3 Right?

4 A. That's correct.

5 Q. Would you agree with me that this statement
6 assumes that the originating provider of the call is the
7 party responsible for paying for the call?

8 A. Yes. I -- definitely.

9 Q. Would you also agree with me that call code
10 119 AMA records are the industry standard record for billing
11 terminating access on calls terminating from the IXC
12 network?

13 A. For IXC calls, yes. Over the Feature Group D
14 network I would agree that is the record that is used.

15 Q. And in that environment, we don't necessarily
16 bill the originator of the call, but rather the IXC that
17 delivers it to us over the dedicated trunk group?

18 A. Yes. With IXC billing, that is correct.

19 Q. Direct on page 14, lines 8 through 13, I
20 think. You state there that the LEC-to-LEC Feature Group C
21 traffic is delivered for termination to a LEC exchange over
22 a jointly provided common trunk group between the LEC
23 exchange and the tandem company. The common trunk groups
24 not only carry LEC traffic, but the traffic of many other
25 carriers, paren, such as wireless, competitive local

1 exchange carriers, Feature Group A carriers and IXCs.
2 Further, paren, in cases where the terminating LEC receives
3 IXC traffic through another LEC's tandem, end paren,
4 destined for termination to an office -- excuse me -- an
5 end-office company.
6 Do you see that?
7 A. Yes.
8 Q. Now, you would agree with me that IXC trunks
9 are directly connected to access tandems. Right?
10 A. Yes.
11 Q. And IXC trunks also carry CLEC traffic, do
12 they not?
13 A. If the I-- if the CLEC has chosen to, for
14 better -- pop out their traffic or use an IXC to carry their
15 toll traffic, then yes.
16 Q. Okay. Similarly, if they've chosen to use
17 your Feature Group C network to carry their toll traffic,
18 that traffic would be on the Feature Group C common trunk.
19 Right?
20 A. That is correct.
21 Q. So there's no network, if you will, difference
22 in the fact that both these trunks, the IXC trunk and the
23 Feature Group C common trunk, carry CLEC traffic or can
24 carry CLEC traffic. Right?
25 A. Well, I'm not sure I'd agree 100 percent,

1 because in my mind if a CLEC is handing off their call to an
2 IXC to handle the termination of that toll call -- I mean,
3 that's an IXC transported call. If they're choosing to make
4 the business decision to terminate via the Feature Group D
5 arrangement over our common trunk group, they're providing
6 that as a LEC.

7 Q. But it's still an interexchange call, is it
8 not?

9 A. Yes. It's still a call -- it's still an
10 interexchange call.

11 Q. And from a type of traffic, regardless of
12 who's responsible for it, both trunks carry the same CLEC
13 traffic? In other words, that CLEC minute coming over the
14 Feature Group D network doesn't look any different, doesn't
15 smell any different, isn't any bigger or smaller than the
16 minute that comes over your common trunk group. Right?

17 A. They would both carry a toll -- toll traffic.

18 Q. Right. And the IXC trunk group also carries
19 wireless traffic, does it not?

20 A. If -- again, if the wireless provider has made
21 the business decision to have an IXC terminate his wireless
22 traffic, then yes, that wireless traffic would be on that
23 trunk group.

24 Q. And that IXC could contract with other IXCs so
25 that there would be other IXC traffic on that IXC trunk

1 group. Right?

2 A. Yes. But all -- I mean, all of those are -- I

3 mean, the IXC who is -- who comes into my tandem, makes

4 voluntary arrangements behind them to carry whatever traffic

5 they choose to on their business relationship.

6 And I would assume that when they contract

7 with a wireless carrier or a CLEC, they've built into their

8 price the cost of termination for that or to make that

9 business profitable. When people deliver traffic to me over

10 the Feature Group C network, I have to accept that traffic

11 for termination.

12 Q. I understand you draw a distinction between

13 the business relationships between IXCs and carriers --

14 A. Yes.

15 Q. -- they resell to and Southwestern Bell and

16 carriers that they make their network available to. But

17 from a pure traffic perspective, same types of traffic flow

18 over the same -- or over these two different trunk groups.

19 Correct? IXC and Feature Group C?

20 A. The traffic is the same, the business

21 relationships are different.

22 Q. Okay. I want to ask you about meet-point

23 billing. I believe you addressed that on page 19 of your

24 direct testimony?

25 A. Yes.

1 Q. There, I think on line 10, you talk about the
2 access tariffs of all LECs in the state, including the small
3 LECs in this case, call for meet-point billing; in other
4 words, each carrier involved in terminating a call bills the
5 originating carrier for each piece of their network that is
6 used to terminate the call.

7 Do you see that?

8 A. Yes.

9 Q. And I want to take the end-office scenario on
10 my diagram. And I think it's been discussed before, but as
11 I understand, if it's an IXC call that's being meet-point
12 billed between the end-office and the PTC tandem --

13 A. Correct. Yes.

14 Q. -- the PTC tandem records all of the traffic
15 on that IXC trunk, creates a 119 record?

16 A. Right.

17 Q. Converts it into an 11-01 record?

18 A. Correct.

19 Q. Passes that 11-01 record to the secondary
20 carrier --

21 A. That is correct.

22 Q. -- end-office secondary carrier, who bills the
23 IXC for their portion of the termination of that call based
24 on that 11-01 record?

25 A. No. They -- what they do -- we send -- the

1 tandem company would send 11-01's. The terminating company
2 would turn those into 11-50 summary records and they would
3 bill the IXC based on that 11-50 summary record. And they
4 would also, in turn, pass that 11-50 summary record back to
5 the tandem owner so -- if it was Southwestern Bell, so that
6 we could bill the IXC our portion of the call.

7 Q. Okay. So what the end-office does is take the
8 individual call detail on the 11-01 record that you give to
9 them --

10 A. Right.

11 Q. -- summarize it on an 11-50, bill their
12 portion --

13 A. Right.

14 Q. -- then tell you what portion basically they
15 billed of that 11-50 so you bill your portion based on that
16 11-50?

17 A. Right. And the concept was that the carriers,
18 after divestiture, wanted a method to make sure that they
19 were billing the same amount of minutes -- they were billed
20 the same amount of minutes for every carrier on the route.

21 Q. Right. There was no overlap in the two bills?

22 A. Correct.

23 Q. Now, what I'm troubled with is your
24 description on line 12 that each carrier involved in
25 terminating a call bills the originating carrier, because I

1 think, as we've discussed, in this instance the IXC isn't
2 necessarily the originating carrier. Right?

3 A. Well, in my mind, on an IXC call the IXC would
4 be the originating carrier.

5 Q. It's not the originating carrier for the
6 wireless traffic it's agreed to transport, is it?

7 A. Well, and that's where I guess we draw the
8 distinction, that on the way I view IX -- what the business
9 relationship is between the IXC and the originating carrier.

10 Q. It's certainly not the -- excuse me -- the IXC
11 who has the trunk group certainly isn't the one that has the
12 business relationship with the end-user that placed that
13 wireless call. Correct?

14 A. They may or may not. Whatever they've chosen
15 to do.

16 Q. Well, let's just take a simpler example where
17 a pure resale IXC contracts with a facilities-based IXC to
18 carry their traffic. And the facility-based IXC directly
19 connects with your tandem. In that case, the IXC connected
20 with your tandem does not have the end-user billing
21 relationship with the reseller's customer who placed the
22 call, do they?

23 A. I would agree that they don't -- they don't
24 necessarily know who the end-user customer is of the people
25 that they contract to do business with.

1 Q. Nor do they get the end-user revenue from that
2 call, do they?

3 A. I would suspect not.

4 Q. I mean, they're not looking to all of those
5 individual end-users to get paid for their transport or
6 wholesale service?

7 A. No. Because they have held themselves out
8 that they wanted a business rel-- they wanted as one of
9 their lines of business to resell their capacity on their
10 IXC trunk group. So they look to the person behind -- I
11 mean, they -- they look to the person who has contracted
12 with them to provide service for them. So if a wireless
13 carrier has come to AT&T and said, I want you to terminate
14 my calls, whatever business relationship they have is
15 between the two of them.

16 Q. Right. The customer of the IXC who delivers
17 the traffic to you is either the wireless provider or
18 another IXC or a CLEC?

19 A. That's true. And to us it looks like our
20 customer and the person we bill is the person that -- the
21 IXC.

22 Q. And that's the same way it looks to the
23 secondary carrier for the traffic that comes over the common
24 trunk, except you refuse to take responsibility for other
25 carriers' calls. Correct?

1 A. I'm not neces-- not for all traffic that comes
2 to the secondary carrier behind our common trunk group,
3 because the traffic on that common trunk group is also
4 traffic of Verizon, of Sprint for which they do currently
5 get a record.

6 Q. We don't know that until you tell us or the
7 other originating carriers tell us. Right? Based on your
8 model?

9 A. That is true.

10 Q. All I'm saying is, from our point of view it's
11 kind of like the last dog in the dogsled who doesn't have a
12 very clear view. From our point of view, everything that
13 comes over that common trunk group looks the same to us as
14 everything coming to you over that dedicated trunk group
15 from the IXC. You just don't concern yourself with who is
16 behind that IXC, but you're asking us to concern ourselves
17 with who is behind you?

18 A. I'm asking you to concern yourself with the
19 records that you receive from the originating providers.

20 Q. Let me switch gears, please.

21 A. Okay.

22 Q. Do you agree with Mr. Cowdrey that IXC Feature
23 Group D traffic can transit, transport, I don't care what
24 you call it, two tandems before delivery to the SC's
25 end-office?

1 A. It's my understanding that on an IXC call on
2 Feature Group D if you go to the LERG, Local Exchange
3 Routing Guide, you will see for every NXX a tandem where
4 that NXX should be delivered. And the IXC hands off the
5 call to that tandem. And under my understanding, and I'm
6 not a network person, it is delivered just to one tandem.

7 Q. Okay. In his example of a caller in Kansas
8 City calling a call -- an end-user in Rockport, Missouri, he
9 thought, as I understand, the call would go through
10 Southwestern Bell's tandem in Kansas City and -- I'm sorry,
11 being carried by an IXC, we'll say AT&T. Customer's
12 presubscribed to AT&T.

13 A. Okay.

14 Q. That call goes through your tandem in Kansas
15 City over your LEC-to-LEC inter-tandem trunks to Sprint's
16 tandem in Maryville and then ultimately for delivery to
17 Rockport. Does that sound right to you?

18 A. It was my -- it's my understanding if it's --
19 if it's an IXC call handled by the AT&T -- AT&T would have a
20 connection at Maryville and would drop that call at
21 Maryville for termination to Rockport.

22 Where if it's a LEC-carried call, if I have --
23 if I have a customer in Kansas City who originates a call
24 destined for Rockport, the only way I can get it there is to
25 take it through my connection at Maryville with Sprint, it

1 would go through Maryville down to Rockport.

2 Q. Okay. So if your end-user customer

3 presubscribed to you for intraLATA toll --

4 A. Yes.

5 Q. -- the call would transit your tandem in

6 Kansas City?

7 A. Yes.

8 Q. Be delivered to Rockport's tandem in Maryville

9 and to then the end-user in Rockport?

10 A. Yes. That's the only way I have to do it.

11 Q. Now, if that was a wireless customer in Kansas

12 City and his wireless service provider chose to interconnect

13 with Southwestern Bell in Kansas City, that call would

14 follow the same path as the LEC call we just talked about.

15 Correct?

16 A. Yes. That call would transit my network and

17 it would be one of the calls that would appear on the CTUSR.

18 Q. If that wireless service provider chose to

19 contract with AT&T to carry their traffic instead of you,

20 Southwestern Bell, it would be your understanding the

21 wireless service provider would have to find a way to get

22 it -- excuse me -- AT&T would have to take it to the

23 Maryville tandem before it was terminated to Rockport?

24 A. That's my underst-- understanding. And at

25 that point it would appear as an IXC call at the Maryville

1 tandem.

2 Q. Okay. But I guess my point is, if AT&T's
3 carrying that wireless traffic, it's not going to come in
4 the network at an upstream tandem, your Kansas City tandem?
5 It's going to come into the network at the last tandem
6 before the end-office?

7 A. Say -- are you -- you're saying if the
8 wireless call is handled by an IXC?

9 Q. Yes.

10 A. I would agree with that.

11 Q. Okay. Your rebuttal testimony, page 12,
12 lines 9 through 11, you state, Only the LEC where the
13 traffic enters the LEC-to-LEC network can properly creates
14 billing records so that other LECs on the call path know the
15 responsible originating service provider.

16 Do you see that?

17 A. Wait a minute. I'm sorry. You said rebuttal.
18 My fault. I was at surrebuttal.

19 Q. The good news is I forgot my copy of your
20 surrebuttal testimony so all of my questions on that are not
21 going to be asked today.

22 A. And I'm sorry. It was page 12 of my rebuttal
23 line 9? I got it.

24 Q. I'm sorry. Page 12, line 9, yes.

25 A. Okay.

1 Q. Do you see that?

2 A. Yes.

3 Q. Okay. But, as I understand, Southwestern Bell
4 does not record CLEC traffic as it enters the LEC-to-LEC
5 network; is that right?

6 A. I have to ask you, what type of CLEC? If it's
7 a facility-based -- are you talking about facility-based
8 CLEC --

9 Q. Yes.

10 A. -- who has their own switch?

11 Q. Or purchases unbundled network elements from
12 you all.

13 A. I have to make a distinction between those
14 two.

15 Q. Okay.

16 A. Okay. Facility -- facility-based CLEC with
17 their own switch, they record the traffic, they're
18 responsible for making a record and passing it to all
19 parties on the call path.

20 A CLEC who has purchased unbundled network
21 elements, that traffic is recorded within our network. We
22 create a record, send it back to the CLEC and it is the
23 responsibility of that CLEC to provide records to all
24 parties on the call path.

25 MR. BUB: Just a point of clarification, could

1 we clarify what unbundled network is being purchased on that
2 tandem? Just a point of clarification.

3 BY MR. ENGLAND:

4 Q. Sure. If that makes a difference too. If the
5 CLEC is just purchasing unbundled network loop as opposed to
6 a switching element?

7 A. I'm not sure it does to me. It -- if the --
8 if it's switching, we're -- well, I -- yeah, it does. If
9 it's -- if we've got -- if they're purchasing our
10 switchport, then yes, we're going to record it.

11 Q. Okay. And that's where you record the call
12 and pass the record back to the CLEC --

13 A. Right.

14 Q. -- and expect the CLEC to send it to everybody
15 else on the call path?

16 A. That is correct.

17 Q. And if they don't do that, that's where we get
18 into this escalating series of really mean letters. Right?

19 A. You're kind of out of my league. I don't deal
20 with the CLECs.

21 Q. Why did you not pass that record that you've
22 created at your switch to carriers on the call path?

23 A. I believe -- and I think I'm beyond my -- I
24 don't deal with the interconnection agreements, but I think
25 it's in the interconnection agreements with the CLEC. I do

1 know that when we were having discussions, I believe on
2 Mid-Missouri -- our complaint, I believe we were saying
3 if -- and we consider that data proprietary. It's --
4 Q. Well, it's all proprietary, isn't it? Some
5 other carrier's --
6 A. But we would -- I think we were having
7 discussions that we would provide that information.
8 Q. Doesn't it seem a little cumbersome to you
9 that you create the record, pass it to the CLEC and expect
10 them then to pass it downstream to all the carriers?
11 A. It may be cumbersome, but I think it was one
12 of the responsibilities that are outlined in the
13 interconnection agreement.
14 Q. Doesn't it also seem that that introduces into
15 the system a little more possibility for error or something
16 to drop through the cracks?
17 A. I think any time you -- any time a new player
18 comes in the market, there is -- there's possibility for
19 error.
20 Q. And, of course, under your originating
21 responsibility plan, if I may characterize it as such, we
22 have to deal with all of those new players -- we, the
23 secondary carriers, the Small Companies, have to deal with
24 all those new players as they come onto the playing field.
25 Right?

1 A. Well, I wouldn't characterize it as an
2 originating responsibility plan.

3 Q. I understand. Under your proposal it would
4 be --

5 A. Under our proposal with the help -- with the
6 originating records that your clients receive from all
7 parties, plus with -- I mean, our commitment -- and we do
8 have a large commitment in the HP System to try to identify
9 un-- unidentified traffic. And that's, I mean, selfishly.
10 It's for us too, because if you don't get a record, we're
11 not getting a record.

12 So, I mean, we have a significant commitment,
13 as Mr. Hughes, said in that system. So I think what we're
14 asking your clients to rely on is the records they do
15 receive from originating providers, plus working together
16 with us to identify that traffic.

17 Q. In not all instances is it necessarily
18 critical to you to have that record, right, that you were
19 just talking about? I mean, I think your point is that it's
20 equally important for you to have that record so you can
21 bill just as it is for us?

22 A. That is correct.

23 Q. And my point is, that's not true in all
24 instances. Correct?

25 A. If you're referring to UNEs where we have the

1 record, I don't believe we bill off that record.

2 Q. Okay. I wasn't referring to UNEs. I was
3 thinking about Local Plus or Local Plus-type services where
4 you, Southwestern Bell, really doesn't need the record
5 because it's a flat-rated bill to your customer, but other
6 carriers on the call path need the bill?

7 A. I would agree with you.

8 Q. I want to come back to this statement that
9 only the LEC where the traffic enters the LEC-to-LEC network
10 can properly create billing records, because if you're not
11 doing that in the CLEC interconnection environment -- and
12 they do interconnect with you. Correct?

13 A. Yes.

14 Q. Okay. If you're not creating that record, why
15 are the secondary carriers, the Small Companies, responsible
16 for 100 percent of the error that may happen or the record
17 that may not be passed when a call terminates to them?

18 A. I'm not sure I understand what you're asking.

19 Q. Okay. Don't you believe that Southwestern
20 Bell has some responsibility, whether it's financially
21 driven or morally, I suppose, to measure that CLEC traffic
22 as it enters your network for delivery on other third --
23 well, not only third party, but your own network as well as
24 third-party networks?

25 A. I think we have a responsibility to try

1 through our best efforts to get the CLEC to comply with the
2 terms of their interconnection agreement --

3 Q. Well --

4 A. -- and --

5 Q. Go ahead.

6 A. And part of that is furnishing the records to
7 all people -- all parties on the call path.

8 Q. Okay. But if I understand Ms. Allison's
9 testimony earlier today, GTE doesn't rely on the originating
10 records of CLECs that interconnect with them. They record
11 their -- they record that traffic and bill from their own
12 recordings?

13 A. That is true. And that's a business decision
14 that they made when they started interconnecting with CLECs.

15 Q. I understand. And the business decision you
16 made was to rely on CLEC-originating records and not to
17 measure that traffic. Correct?

18 A. That's correct. Our business decision was to
19 treat CLECs the same as we treated, if you will, former
20 PTCs, and allow them to use our -- the Feature Group C
21 network and to create 92 records.

22 Q. Well, but if they don't -- if they don't live
23 up to their bargain or their commitment to you in their
24 interconnection agreements, why is it the responsibility of
25 the secondary carriers, who don't get those records, to

1 suffer the consequences?

2 A. I'm not saying it should be fully the
3 secondary carrier's responsibility. What I'm saying is if I
4 can identify who the CLEC is who sent the traffic, and I
5 think we will be able to do that through the use of our
6 Hewlett Packard system, if I can supply your clients with
7 that information plus information about the call, what I'm
8 asking them to do is establish a relationship with the CLEC
9 and bill that traffic.

10 Q. But, as I understand it, even after all of
11 your efforts, as well intentioned, as good as they are,
12 still produce a discrepancy or do not reconcile the
13 originating records 100 percent to the terminating
14 measurement, it's the Small Companies' basically consequence
15 to suffer that loss under your proposal. Right?

16 A. Well, I'm not -- well, I'm having trouble with
17 some of -- I mean, the difference in the reconciliation is
18 between the terminating and the originating. I mean, the --
19 don't know if there are, but there definitely -- we saw some
20 things on the terminating end that might account for some of
21 the differences.

22 Definitely with the calls that had no
23 originating number, those were harder to reconcile. I don't
24 know if those were -- those calls could have been CLEC, they
25 could have been wireless, they could have been another I--

1 ILEC. So, I mean, I think as we get better with the HP
2 System, we will be able to identify those calls.

3 Q. I understand that. But my point is, that even
4 if -- even if the Hewlett Packard whatever system allows you
5 to identify more of the originating records that we can't
6 identify today, if we come up short when compared to the
7 terminating measurement, it's still the Small Company that
8 suffers the consequences. Right?

9 A. They will have a difference. And I think
10 we've -- as Mr. Hughes talked about in relation -- in
11 questions from Judge Mills, there maybe should be some
12 sharing of that difference after a threshold is met.

13 Q. I believe it's your rebuttal testimony,
14 page 14, lines 12 through 17. I'll try not to read it, but
15 if I read this correctly, you appear to be objecting to the
16 use of a factor to identify the amount of MCA traffic; is
17 that right?

18 A. What I was objecting to -- I believe -- well,
19 a factor in my mind would be hard to administer, plus it --
20 I'm not sure it would -- it could very well capture less MCA
21 traffic than there really is, and it could capture more MCA
22 traffic than there really is.

23 Q. As I understand it, it's not efficient or
24 economical for you to establish separate trunk groups for
25 MCA traffic so that it could be separately trunked,

1 separately identified and not even in the mix. Right?

2 A. That's my understanding.

3 Q. Okay. So the alternative -- one of the

4 alternative proposals is to develop a factor to try to

5 identify that traffic, a surrogate, if you will, as opposed

6 to the actual amount?

7 A. Right. And I think what I was taking

8 exception to was -- and a factor may be what -- if -- you

9 know, if your proposal's adopted, a factor may be what we

10 have to use. What I think I was objecting to was the

11 limited period. I think we'd have to sit down and really

12 think about how we could develop a factor that would capture

13 the correct amount and also come up with procedures on

14 updating that factor.

15 Q. Okay. So you're not necessarily objecting to

16 the use of a factor, you just want to make sure that

17 whatever we use is appropriate; is that right? As

18 appropriate as can be?

19 A. As appropriate as can be. I think a factor

20 might be one of the ways.

21 Q. Because, as a matter of fact, we use factors

22 all the time in this industry?

23 A. Yes, we do.

24 Q. As someone said the other day, we use percent

25 interstate usage factors?

1 A. Yes, we do.

2 Q. Percent local usage factors, and I believe
3 even you, for purposes of your interconnection agreements
4 with wireless carriers, use an inter and an intraMTA factor,
5 do you not?

6 A. That is correct.

7 Q. Okay. And even if we accept your proposal on
8 a going-forward basis, don't we need to get -- this is a
9 line of questioning I had with Mr. Cowdrey yesterday. Don't
10 we need to get our arms around this MCA traffic for purposes
11 of reconciling any differences in the terminating
12 measurements versus the originating records for those
13 carriers that are involved in the MCA?

14 A. Yes. For -- for -- for people in the MCA --
15 and they were not -- there were no MCA carriers, I don't
16 believe in the 48-hour test, but yes. And for some carriers
17 it is a large percentage of their traffic.

18 Q. Let me ask you about interstate intraLATA
19 traffic.

20 A. Yes. Yes, sir.

21 Q. Now, my understanding is that we currently
22 exchange that traffic on a bill and keep basis; is that
23 right?

24 A. That has been the practice -- practice since
25 divestiture, yes.

1 Q. And in response to some questions yesterday,
2 Mr. Cowdrey referred to some sort of an agreement. Do you
3 know what kind of agreement we have to do that?

4 A. The only thing that I was aware, at
5 divestiture the RBOCs filed an interstate intraLATA tariff.
6 And within that tariff -- take, for example, Southwestern
7 Bell. We listed all of the exchanges of all of the
8 Independent Telephone Companies within our region. Those
9 were listed and that tariff was filed for purposes of toll
10 billing to customers on those calls.

11 And I'm not aware of any written agreement,
12 but I know the practice was that the -- in theory, was that,
13 say, your -- one of your clients, a customer, originated a
14 call. They would bill the customer, keep the revenue, the
15 call would terminate for free. And that would happen in the
16 reverse.

17 Q. Right.

18 A. With the implementation of 1-plus dialing
19 parity, I believe your clients and Mr. Johnson's clients
20 notified -- notified us that they wanted to be removed from
21 that tariff, and they were. And at the point where we did
22 dialing parity is where that -- in my mind, that bill and
23 keep came out of balance.

24 Q. Okay. The benefit to us of being part of that
25 bill and keep arrangement went away when --

1 A. Yes, it did.

2 Q. -- we no longer billed the end-user for that

3 toll call, but their picked carrier carried it and billed

4 them for --

5 A. That is correct.

6 Q. And I guess, based on your answer, you would

7 agree with me that on a going-forward basis whether you use

8 dialing parity as your date or the elimination of the PTC

9 plan as your date, it is appropriate to establish a new

10 relationship for that traffic?

11 A. Yes. And I believe Southwestern Bell's --

12 we've said that at the time -- and, in my mind, it's

13 probably -- it's dialing parity. We do -- for only our

14 calls -- for the calls our customers in Kansas originated

15 that terminated to your clients in Kansas City and then

16 Ameritech's customers who originated calls in the St. Louis

17 LATA that terminated to a LEC in the 520 LATA, we do owe

18 compensation on that. And we are moving to an access-based

19 compensation system.

20 Q. I think you testify in your direct testimony

21 at page 23 that you and other LEC tandem companies are

22 working with the terminating carriers on this issue. It's

23 page 23, lines 12 through 17.

24 A. I'm sorry. What liens?

25 Q. 12 through 17.

1 A. Okay. Gotcha.

2 Q. Do you see that testimony?

3 A. Yes.

4 Q. And I guess my first question is, based on the

5 responses I got to some questions yesterday from

6 Mr. Cowdrey, apparently Sprint is not working with the

7 industry on this issue. Is that your understanding?

8 A. I don't want to speak for Sprint. I don't

9 know where they are on this.

10 Q. Okay. Well, let me ask you what you do know.

11 And probably more than I do, but my understanding is that

12 you and members of the industry, not Sprint, got together to

13 discuss this issue in approximately March or April of last

14 year?

15 A. Yeah. I believe it was April of last year

16 and -- yes.

17 Q. Okay. And my question to you is, what other

18 discussions or meetings have you had with the other tandem

19 companies since that time?

20 A. We have had just general -- I mean, it hasn't

21 been meetings or discussions, but we have -- I mean, we've

22 talked back and forth.

23 Q. Well, you talk all the time.

24 A. I know.

25 Q. Have you had any discussions about this issue,

1 interstate intraLATA?

2 A. I believe I have with GTE.

3 Q. Okay. They're not in the Kansas LATA, though,

4 are they, or at least on the Kansas side of the Kansas City

5 LATA?

6 A. They're on the Ameritech side -- the Illinois

7 side, sorry.

8 Q. Okay. So you haven't had any discussions

9 since April with Sprint on this issue that you know of?

10 A. Not that I -- not that I'm aware of.

11 Q. What other discussions or meetings have you

12 had with the terminating end-office companies?

13 A. We have not had meetings. We -- I have talked

14 to -- I know I've talked to Ms. Callahan, updating her on

15 what we were -- we had been doing. And I believe Citizens

16 Telephone and I'm trying to -- there could have been other

17 companies that have called and I've answered telling them

18 where we were in the process.

19 Q. Okay. You note there at line 14, 15, 16 that

20 you're in the process of developing a report for this type

21 of usage?

22 A. Right.

23 Q. And I think -- yeah, you indicate it will be

24 complete hopefully by the end of this month?

25 A. That is correct.

1 Q. My understanding is tat you already have and
2 are exchanging reports for purposes of the St. Louis LATA
3 this interstate traffic; is that right?

4 A. To -- the calls that originate from a
5 Southwestern Bell customer in the St. Louis 520 LATA which
6 terminate to one of the small -- I believe there's nine
7 independents in the Illinois portion of the 520 LATA -- yes,
8 we have reports for those.

9 Q. And are those the standard 92 reports we've
10 been talking about?

11 A. No, they are not. They are paper reports. At
12 the time we developed this Missouri/Illinois compensation,
13 those companies did -- they just -- they preferred to have a
14 paper report.

15 Q. Okay. You do create your standard -- and I'm
16 getting confused, but you do create a standard call code for
17 that call for end-user billing. Correct? Is this the 01
18 record or 06?

19 A. 06.

20 Q. Thank you.

21 A. Yes.

22 Q. Okay.

23 A. Yes, we do.

24 Q. And from that record you could create a
25 92 billing record?

1 A. Yes. And the -- what we have been doing is
2 currently -- and the calls that we're talking about that
3 would terminate to your clients in Kansas City --
4 Q. Can we stay with St. Louis for a second,
5 please?
6 A. Okay. And you've got to forgive me, I'm not
7 as familiar with St. Louis because that's Ameritech. Our
8 company arguably, but I'm not familiar with them.
9 Q. Okay.
10 A. I think that Ameritech was gearing up to --
11 because they provide to the small LECs -- I'm trying to
12 think -- I think they provide paper. So I think they were
13 gearing up to provide paper reports to your clients in the
14 520 LATA.
15 Q. My understanding, confirm it I guess or tell
16 me you don't know, was that the Ameritech and other carriers
17 on the Illinois side of the St. Louis LATA were creating and
18 passing 92 records to companies such as Southwestern Bell,
19 Fidelity --
20 A. You're right.
21 Q. -- Sprint, GTE, the former PTCs?
22 A. You're right. Amer-- the former PTCs, yes,
23 they are passing 92s.
24 Q. Okay. Now, let's flip back to the other side
25 of the state, Kansas City.

1 A. Okay.

2 Q. Again, a Kansas customer of Southwestern Bell
3 who makes an intraLATA interstate toll call, there would be
4 a call code 006 for that call?

5 A. There's a toll record made to bill the
6 end-user customer, yes.

7 Q. Okay. From which a 92 record could be
8 created. Correct?

9 A. Could be. But, I mean -- and the thing we've
10 been working on is to pull those records into our settlement
11 system, because Kansas hasn't been set up in our settlement
12 system. So we were pulling those records in.

13 The one -- and -- and, as I understand it,
14 your clients didn't want the 92 record, they wanted the
15 Category 11 record, so we were going to have to pull those
16 record in from Kansas, create 92 records and then create the
17 Cat 11 records.

18 Q. Okay. That was going to be one of my
19 questions, because I thought that at one time Southwestern
20 Bell was taking the position because they -- this was their
21 Kansas operation, they were not subject to the Commission's
22 direction in the PTC case to pass Category 11 records?

23 A. We had -- that was definitely one of the views
24 expressed at that meeting. And I think we start up with
25 this at the end of the month, we will be passing paper

1 reports. And at that meeting -- the participants who were
2 at that meeting really -- as long as they got the minutes,
3 they really -- they expressed that they didn't care if they
4 were paper or records or -- I mean, eventually they would
5 like to receive Category 11's.

6 Q. Wasn't it also the preference of some of the
7 participants in that meeting, I believe Mid-Missouri
8 Telephone Company and Citizens, to simply bill you from
9 their terminating records because they can identify the
10 calls that your customers send to them from the Kansas side
11 of the LATA?

12 A. That was one of their preferences, yes.

13 Q. And, in fact, they have been sending you bills
14 based on those records, haven't they?

15 A. On interstate intraLATA?

16 Q. Yes.

17 A. If they are, I'm not aware of it. They very
18 well -- and I'm not saying they haven't. They very well
19 could be sending them to Mr. Murphy's group who pays bills.
20 I know I have received information from Citizens Telephone,
21 but Mid-Missouri I haven't personally.

22 Q. I believe this is your rebuttal testimony,
23 page 16 and 17, at the very bottom of the page the answer
24 that begins on line 21 and then finishes on the next page on
25 line 6. Would you take a minute to read that, please?

1 A. Yes. Yes.

2 Q. Generally speaking, what you're attempting to

3 do there is -- and I think you've attempted to do that in

4 some of your answers here to my questions -- is distinguish

5 the situation where an IXC carries the call on behalf of

6 someone else with whom it has an arrangement to do so and

7 the LEC who carries a call on behalf of someone else not

8 because they have an agreement to do so, but you believe

9 because they have an obligation to do so?

10 A. That is correct.

11 Q. Okay. I want to ask you a hypothetical.

12 A. Okay.

13 Q. What if an IXC that directly interconnects

14 with you here at your tandem decides to renegotiate its

15 wholesale contracts with other carriers and only hold itself

16 out to provide a transiting function? Got that?

17 A. Correct.

18 Q. And in that contract makes it clear to those

19 carriers that are using its service that it's their

20 obligation to make arrangements with you, the terminating

21 LEC, to pay for their originated traffic that terminates to

22 you. Do you get that?

23 A. I think so.

24 Q. Okay. Will Southwestern Bell be willing to

25 accept that new business arrangement and accept that traffic

1 from the IXC and only bill the IXC for its portion of the
2 traffic that it tells you is its portion?

3 A. Would I receive a record from the originating
4 carrier?

5 Q. You would receive an originating record from
6 the IXC for traffic its end-users created or placed.

7 A. Okay. Help me out here, because you said that
8 the IXC -- the IXC was changing its business relationship
9 with carriers --

10 Q. Right.

11 A. -- upstream to only offer a transiting
12 function?

13 Q. Right.

14 A. So what traffic am I paying for?

15 Q. You're not paying for anything. You're going
16 to charge the IXC for traffic that its customers originate
17 based on its originating records.

18 A. And --

19 Q. And then you're going to have to look to the
20 other carriers that have contracted with that IXC to have
21 them pay you for traffic their customers originated.

22 A. Okay. And is this traffic -- I mean, is this
23 IXC traffic delivered to me at my tandem under Feature
24 Group D?

25 Q. Yes, it is.

1 A. Then I'm not even sure I can agree to the
2 hypothetical, because I mean, it changes the whole network
3 design of what we've been --

4 Q. No. We're not changing the network at all.
5 We're just changing the billing relationship --

6 A. Right.

7 Q. -- the business relationships upstream just as
8 you propose to do or have done.

9 A. I'm not sure I can agree that -- I don't know
10 what we'd do, because that to me is a change in the whole --
11 because Feature Group D is not set up to bill like that,
12 what -- the traffic that's terminated --

13 Q. Excuse me. Neither is Feature Group C, is it?
14 You don't get any more or less information with your
15 terminating recordings on Feature Group D than you do with
16 Feature Group C at the terminating end?

17 A. I'm not -- the terminating records that you
18 have?

19 Q. Terminating records that you record on that
20 Feature Group D trunk have no more information or less
21 information than what we record with our terminating records
22 at the end of a common trunk?

23 A. No. I don't agree with that, because my IXC
24 Feature Group D network is set up that I have a dedicated
25 trunk group with that IXC. So all of the traffic coming

1 into my tandem is identified as that IXC, so --

2 Q. I understand. My point is that the IXC that

3 came to you at your tandem decided to change all of its

4 billing relationships, which we'll call upstream, and tell

5 you that now the relationship they have with you has

6 changed. You need to only bill them for traffic their

7 customers originate. And I think your answer is you're not

8 going to do that?

9 A. I'm not -- I'm not sure I can on Feature

10 Group D

11 MR. ENGLAND: Thank you. No other questions.

12 JUDGE MILLS: Thank you. And now you're going

13 to offer Exhibit 39?

14 MR. ENGLAND: Yes. You know, I was just about

15 to do that. I'll offer Exhibit No. 39, your Honor.

16 JUDGE MILLS: Are there any objections to the

17 admission of Exhibit 39?

18 Hearing none, it will be admitted.

19 (EXHIBIT NO. 39 WAS RECEIVED INTO

20 EVIDENCE.)

21 JUDGE MILLS: Mr. Johnson?

22 Before we get started, Mr. Johnson, let me ask

23 you this. How much cross-examination do you have for this

24 witness?

25 MR. JOHNSON: I don't think it's very much.

1 JUDGE MILLS: Let's go ahead with it then.

2 MR. JOHNSON: If she's cooperative.

3 THE WITNESS: We'll see.

4 CROSS-EXAMINATION BY MR. JOHNSON:

5 Q. This is still morning. Good morning.

6 A. Good morning.

7 Q. At the start of this case in the opening

8 statements, I thought I heard your counsel suggest to the

9 Commissioners that it sympathized with the Small Companies

10 that weren't getting all of the records because Southwestern

11 Bell wasn't getting paid for all of the traffic that

12 terminates to Southwestern Bell either.

13 My question to you is, is Southwestern Bell --

14 besides carriers that don't pay when they're billed, are you

15 missing records from which you can bill for traffic that

16 terminates to Southwestern Bell?

17 A. I believe we are, yes.

18 Q. And what proportion of the total traffic that

19 terminates to Southwestern Bell are you missing records for?

20 A. I have -- I don't know.

21 Q. Don't know?

22 A. No, I don't.

23 Q. Okay. I also thought I heard your counsel

24 suggest that perhaps the discovered Local Plus recording

25 problem might, in fact, make up for the entirely -- I think

1 there was an average or a range of a 13 to 17 percent
2 discrepancy as measured by that 48-hour test?

3 A. I don't recall that. I would say to you that
4 I think the Local Plus recording problem made up a large
5 percentage of the difference that people were initially
6 seeing. And there were other things that accounted for a
7 lot of the other differences in the records test.

8 Q. My question is, you really can't say that
9 based upon found Local Plus records, because they don't
10 exist. Right?

11 A. The records for the period of time that that
12 translation error existed, no, there was not a record made.

13 Q. Okay. So you really can't say that during the
14 48-hour test I can prove to you because I found these
15 missing Local Plus records that that's the 13 or the 17
16 percent?

17 A. That is correct. That's why we would -- we
18 would like to do either -- I mean, not -- probably not a
19 full-blown test again, but with a company like Mid-Missouri
20 we would like to test again to make sure that that is what
21 we suspect it is.

22 Q. In making the adjustments that you proposed,
23 and I believe there's information in your pre-filed
24 testimony that indicates three companies have accepted --

25 A. And I've had two more companies now since that

1 time.

2 Q. Did you use the assumption that the unrecorded
3 Local Plus was the cause of all of that company's residual
4 or difference between their recorded terminating -- their
5 measured terminating traffic as opposed to their billed
6 terminating traffic?

7 A. No. The settlement adjustment that I proposed
8 was -- that was just for the Local Plus traffic an estimate
9 to try to pay and settle for those -- that Local Plus, plus
10 OCA out of the Marshall switch.

11 Q. And the methodology was based upon, as I
12 recall, the month of October of 2000?

13 A. Yes, it was.

14 Q. Okay. And you went back and used that as a
15 test month to estimate with roll out, ramp-up, how many
16 minutes should have been paid for the period in which the
17 recording problem existed?

18 A. Right. We took 50 percent of the first month
19 after deployment, 75 percent of the second month and
20 100 percent of the minutes -- and these are the minutes that
21 we saw in October, and for the months that the error existed
22 and then used the individual company's terminating access
23 rates.

24 Q. Was that how you based the Mid-Missouri
25 adjustment?

1 A. No, that was not how we based it.

2 Q. How was that one based?

3 A. That was based partly on Mr. Jones' records
4 for the time that he had recordings, which I believe was
5 starting in February -- January or February of 2000. For
6 the piece that -- where there was not, we based that on the
7 piece from before -- from the -- where he had recordings.

8 Q. I know we discussed that problem in some
9 detail in the Local Plus resale hearing a couple of weeks
10 ago, but as I recall where we ended up, you personally
11 believe that when Local Plus was rolled out in those
12 Ericsson switches that surround Mid-Missouri, that it was
13 initially set up to correctly make a call code 6 and
14 sometime after that, something happened so that when you
15 found out that changed -- and you discovered that change
16 during the network test; is that right?

17 A. I -- I'm not sure if -- the information I
18 think we had in the Local Plus case was the Westphalia LATA,
19 but I'm not 100 percent sure.

20 Q. My question was, since then have you had a
21 chance to go back and find out exactly when and where the
22 programming of the translation error was created and why it
23 was done at that particular point in time?

24 A. No. And our network department can't really
25 tell me that because the -- when you do translations in a

1 switch, there's not necessarily a record or a date made of
2 that change.

3 Q. Okay.

4 A. Or -- and even what could have happened is
5 something that they were doing that had nothing -- you know,
6 it just -- they translated it incorrectly.

7 Q. Exhibit 39, the Data Response 3.17 that
8 Mr. England gave you just a few minutes ago --

9 A. Yes.

10 Q. -- I want to ask you some questions about the
11 OCA calls originated from Marshall that were not recorded
12 correctly.

13 A. Yes.

14 Q. By the way, that OCA month was also part of
15 the adjustment included in the Local Plus proposed
16 adjustment, was it not?

17 A. For Marshall, yes, it was.

18 Q. Can you tell me the nature of the incorrect
19 recording that was being done in Marshall on OCA traffic?

20 A. No, I can't.

21 Q. Okay. Southwestern Bell, as I recall -- OCA
22 was directed or created by the Commission at the same time
23 COS and MCA were; is that right? 1992?

24 A. I'll take your word for that. I don't
25 remember.

1 Q. Do you know whether the error in the Marshall
2 switch for the OCA calls went all the way back to the
3 inception of OCA? I can't remember what that -- I don't
4 remember what that stands for anymore.

5 A. Optional Calling Area.

6 Q. Optional Calling Area. It goes back to that
7 inception date?

8 A. From the best that we could tell, it was. I
9 think it was back to the same time when we implemented Local
10 Plus, that --

11 Q. So you don't think -- you think maybe the same
12 error was created the time you did the translation work for
13 Local Plus?

14 A. On that switch, yes.

15 Q. But since you don't make a separate record of
16 all of the translation changes that are done, you don't have
17 the documents you could --

18 A. I can't -- no, I cannot produce documents that
19 tells you that.

20 Q. On that same exhibit, the MCI trunk between
21 BPS and Southwestern Bell at Sikeston --

22 A. Yes.

23 Q. -- can you describe for me the kind of an
24 error that you can make in a trunk group that creates it not
25 to build an AMA record?

1 A. The way -- and I have very limited knowledge
2 of this, but the way I understand it, it's a trunk group
3 that comes into our tandem and goes through our tandem to
4 BPS. And that was where it was not -- they did not build
5 the translations table correctly.

6 Q. Does that mean the customers were getting free
7 toll calls?

8 A. No. I believe -- I think the customers --
9 what was happening, I believe -- well, what -- I think what
10 was happening was that we were not creating the 11-01
11 record. So neither -- so MCI was not being charged by
12 either BPS or Southwestern Bell for termination of their
13 traffic, because we weren't -- we weren't billing the MCI
14 customer.

15 Q. And was this discovered as a result of the HP
16 network test?

17 A. Yes. When we asked the network to go back and
18 verify different switches.

19 Q. And do you know when that trunk group that
20 didn't have -- that was not building AMA records was turned
21 on?

22 A. No, I don't.

23 Q. So you don't know how long that problem
24 existed?

25 A. I don't have that information with me. I --

1 might be able to find out when the trunk group was built. I
2 don't know.

3 MR. JOHNSON: That's all the questions I have.

4 JUDGE MILLS: Thank you.

5 QUESTIONS BY JUDGE MILLS:

6 Q. Ms. Dunlap, I believe you were in the
7 courtroom when I asked Mr. Hughes a series of questions on
8 behalf of Vice-chair Drainer; is that correct?

9 A. Yes, I was.

10 Q. Would your answers be any different?

11 A. No. My answers would be the same as
12 Mr. Hughes.

13 Q. Then we won't bother with those.

14 JUDGE MILLS: And that's all the questions I
15 have. I'm assuming that there are no questions based on
16 that cross-examination and we will go right to redirect.

17 REDIRECT EXAMINATION BY MR. BUB:

18 Q. Ms. Dunlap, I'd like to take you back to some
19 questions that Mr. Krueger from Staff asked you first.

20 A. Okay.

21 Q. Do you recall the questions that he asked
22 concerning the cost to correct programming errors that
23 Southwestern Bell may have?

24 A. Yes.

25 Q. Would you agree that there could also be

1 programming errors that would be costly to correct on the
2 terminating side as well?

3 A. Yes. Any error would be involve manhours and
4 time and dollars to correct.

5 Q. Okay. Mr. Krueger also asked about other
6 companies bringing South-- bringing problems concerning
7 records or terminating compensation to Southwestern Bell,
8 and would Southwestern Bell be willing to research those
9 questions?

10 A. Yes.

11 Q. You indicated that we would?

12 A. Yes, we would.

13 Q. Do you recall back to Mr. England's opening
14 statement when he asked -- when he was discussing Charlie
15 Crow from Farber, would Southwestern Bell research questions
16 from Mr. Farber [sic]? Has Mr. Crow from Farber brought
17 concerns regarding records or terminating compensation to
18 you?

19 A. Yes, he has. And we have researched those.
20 And, to the best of my knowledge, to the satisfaction of
21 Mr. Crow as well as other companies. We do -- I mean, any
22 company who calls on a day-to-day basis, if they bring it,
23 we're going to try to find out what the discrepancy is and
24 try to research it. That's part of what my job is.

25 Q. Thank you. Now, I'd like to switch to some

1 questions that you received from Mr. England.

2 A. Okay.

3 Q. Quite a few questions concerning the

4 difference in traffic that comes into Southwestern Bell, or

5 I guess for that matter, any of the other tandem companies

6 from an IXC --

7 A. Yes.

8 Q. -- comparing that to traffic that would go

9 through a former PTC's tandem on a Feature Group C basis.

10 A. Yes.

11 Q. When an interexchange carrier like AT&T agrees

12 to carry another carrier's traffic --

13 A. Yes.

14 Q. -- like a CLEC, another wireless -- another

15 IXC's traffic, or a wireless carrier, what does that

16 facility-based carrier like AT&T agree to do for the CLEC,

17 the IXC or the wireless provider?

18 A. He contracts with that other provider,

19 wireless or CLEC, to provide termination service.

20 Q. Is he holding himself out just to transit his

21 network --

22 A. No.

23 Q. -- or actually terminate it all the way to the

24 end?

25 A. No. He actually terminates it to -- well, in

1 this case, if it's an IXC call, he's terminating it -- well,
2 he's terminating it to the end-user.

3 Q. Is he being paid to do that?

4 A. I would certainly hope so, yes. And I would
5 expect that his cost would include the cost to terminate the
6 call to the end, plus some mark-up, if you will, to be
7 profitable.

8 Q. And is that fairly characterized as a
9 wholesale arrangement that the IXCs voluntarily offer?

10 A. I think it does, yes.

11 Q. Do Southwestern Bell and the other former PTCs
12 similarly hold themselves out under their own tariffs, their
13 own interconnection agreements with CLECs, wireless
14 providers to do the same thing?

15 A. No, we do not. We offer a transiting
16 function, if you will, or a -- and the cost for that that we
17 charge -- that Southwestern Bell charges for -- for a
18 transport of our facilities is probably a penny. And we do
19 not -- we don't have anything in our rate built in to pay
20 the termination cost. And those costs for LECs in Missouri
21 range anywhere from four -- four and a half cents to fifteen
22 cents. So we don't have anything built in to recover that.

23 Q. Just to clarify that, we've been using the
24 terms transport, transit?

25 A. Yes.

1 Q. Is there a distinction between those?

2 A. In -- transport is a term that is used in the

3 access tariff. And, in my mind, transport charges are

4 charges associated with toll calls.

5 Q. Okay. What's transit?

6 A. Transiting charges are connected with local

7 calling.

8 Q. Okay. Mr. England also asked you about new

9 carriers coming into the market and he indicated -- and you

10 agreed that Small Companies would have to deal with those

11 new entrants?

12 A. Yes. As would Southwestern Bell.

13 Q. Okay. Isn't that part of the new competitive

14 environment?

15 A. Definitely is.

16 Q. Mr. England also pointed you to places in your

17 testimony where you indicated that traffic that enters the

18 LEC-to-LEC network should be measured at that point and it's

19 that LEC that can properly create the record?

20 A. Yes.

21 Q. Okay. Would the CLEC's network be considered

22 part of that LEC-to-LEC network?

23 A. If it is a facility-based CLEC with their

24 switch, I would think it would be, yes.

25 Q. Okay. And in that situation with their own

1 switch, who would be the one that would be the appropriate
2 party to properly create that record?

3 A. The originating CLEC.

4 Q. Mr. England also discussed with you interstate
5 intraLATA traffic both on the Kansas side of the state and
6 on the Illinois side of our state?

7 A. Yes.

8 Q. And directing you to the Illinois side --

9 A. Yes.

10 Q. -- you were discussing with him how
11 Southwestern Bell had moved to an access-based plan where
12 records were being passed between, you know, Southwestern
13 Bell in Missouri to the carriers on the Illinois side and
14 from Ameritech back to the carriers on the Missouri side; is
15 that --

16 A. Right. To the -- coming back into Missouri
17 it's -- they're passed to the former PTCs.

18 Q. When Southwestern Bell was trying to set up
19 that new access-based plan for the interstate intraLATA
20 traffic on that side of the state, did Southwestern Bell
21 also offer to include the STCG and MITG members in that
22 arrangement?

23 A. Yes, we did.

24 Q. Did they accept or decline to participate at
25 that time?

1 A. At the time those negotiations were going on,
2 they declined to participate in those.

3 MR. BUB: I think those are all the questions
4 I have. Thank you, Ms. Dunlap.

5 JUDGE MILLS: Thank you.

6 Ms. Dunlap, you may be excused.

7 Let's take our lunch recess. We'll be off the
8 record until 1:15.

9 (Off the record.)

10 MR. BUB: I may only have, like, five to ten
11 minutes of cross-examination for Mr. Cuss. I don't know if
12 we want to talk off the record about finishing or if we want
13 to do it after lunch. I can go either way, but if you are
14 expecting a lengthy cross-examination from us, we don't have
15 a lengthy one.

16 JUDGE MILLS: How about some of the other
17 parties?

18 MR. ENGLAND: We do not have any. And I think
19 the thought was we might want to just try to wrap up before
20 lunch or take a late lunch hour and have the proceeding
21 completely wrapped up and get people on the road.

22 MR. FISCHER: I have five minutes or so.

23 MR. MINNIS: I don't have anything.

24 MR. JOHNSON: May I go to the restroom?

25 JUDGE MILLS: Let's take a five-minute recess

1 and then we'll come back and finish up and take lunch late.
2 We're off the record.
3 (A RECESS WAS TAKEN.)
4 (Witness sworn.)
5 JUDGE MILLS: Thank you. You may be seated.
6 Please go ahead.
7 ARTHUR P. KUSS testified as follows:
8 DIRECT EXAMINATION BY MR. KRUEGER:
9 Q. Good afternoon, Mr. Kuss.
10 A. Good afternoon, Mr. Krueger.
11 Q. State your name and address for the record,
12 please.
13 A. Arthur P. Kuss, K-u-s-s.
14 Q. By whom are you employed and in what capacity?
15 A. The Public Service Commission. I'm a utility
16 engineering specialist.
17 Q. Did you cause to be filed in this case the
18 rebuttal testimony of Arthur P. Kuss?
19 A. Yes, I did.
20 Q. And I don't have the exhibit number --
21 JUDGE MILLS: Exhibit 22.
22 THE WITNESS: Yes.
23 BY MR. KRUEGER:
24 Q. And do you have any changes or corrections to
25 that testimony?

1 A. I do not.

2 MR. KRUEGER: I would then offer Exhibit 22

3 into evidence and tender the witness for cross-examination.

4 JUDGE MILLS: Are there any objections to the

5 admission of Exhibit 22?

6 Hearing none, it will be admitted.

7 (EXHIBIT NO. 22 WAS RECEIVED INTO EVIDENCE.)

8 JUDGE MILLS: Cross-examination, Mister -- I'm

9 sorry. I'm on the wrong list. Do we have an order of

10 cross-examination for Staff witnesses? We don't.

11 MR. JOHNSON: No questions.

12 MR. ENGLAND: No questions.

13 JUDGE MILLS: Okay. Mr. Minnis?

14 MR. MINNIS: I just have --

15 CROSS-EXAMINATION BY MR. MINNIS:

16 Q. I hate to steal Judge Mills' thunder here, but

17 have you had an opportunity to listen to Mr. Cowdrey or read

18 Mr. Cowdrey's testimony regarding his suggestion of a 50/50

19 split if the Commission were to go that way?

20 A. Yes.

21 Q. And do you have a thought on that?

22 A. It's my opinion that if the Commission doesn't

23 really adopt the small LEC's proposal, which I understand is

24 an alternative, an option, then Mr. Cowdrey's proposal is

25 probably the next most acceptable thing to the small LECs.

1 MR. MINNIS: Okay. I don't have any further
2 questions. Thank you.

3 JUDGE MILLS: Thank you.

4 Mr. Fischer?

5 MR. FISCHER: Just briefly, your Honor.

6 CROSS-EXAMINATION BY MR. FISCHER:

7 Q. Good afternoon.

8 A. Good afternoon, Mr. Fischer.

9 Q. I've just got a couple questions.

10 Following the filing of your rebuttal
11 testimony, the Staff and other parties to the proceeding
12 filed statements of position; is that correct?

13 A. That's correct.

14 Q. Do you, as the Staff witness, agree with the
15 Staff's statement of position on the issues in this case?

16 A. Most of the issues. I see we have a slight
17 error and in some of the wording, if I could --

18 Q. I'll tell you what. Let me just ask you about
19 the one I was interested in.

20 A. I bet I know which one it is.

21 Q. On Issue No. 5, the business relationship
22 issue, the Staff position statement says that the Staff does
23 not oppose any changes that these companies may agree to
24 make with respect to their business relationships of one
25 another.

1 Do you agree with that?

2 A. Yes.

3 Q. The Commission does not regulate the business
4 relationships between the companies, and you agree with
5 that?

6 A. If I was given an opportunity, I would reword
7 that statement. I think as it stands, it is probably not
8 correct, because the regulatory effect is certainly -- there
9 certainly is a regulatory role.

10 Q. Okay. Well, let me just pursue that a little
11 bit with you. Would it be correct that the Staff does not
12 oppose any change in the business relationship if the
13 companies agree to make those changes in the business
14 relationship?

15 A. Yes. If they comply with the rules and
16 statutes, are in the public interest, so forth, yes.

17 Q. And as I understand the Staff's position
18 statement, at least the one filed by your counsel, the Staff
19 does not believe that the Commission regulates the business
20 relationship between the companies?

21 A. Not insofar as controlling or directing
22 business -- the conduct of business.

23 Q. In other words, the Staff does not believe
24 that the Commission normally regulates how the telephone
25 companies in this proceeding do business with one another?

1 A. In general, I would say that's true.

2 Q. Would you agree that the Public Service

3 Commission does not attempt to manage public utilities under

4 its jurisdiction?

5 A. Yes.

6 Q. Business decisions are left to the managers of

7 those public utilities; is that correct?

8 A. Yes.

9 Q. That general policy of the Commission is

10 consistent with the Staff's position statement filed in this

11 proceeding; is that right?

12 A. Yes. I believe so.

13 Q. And do you agree with the Staff's position

14 statement when it says -- when the Commission ordered in its

15 Report and Order in Case No. TO-99-254 that this case be

16 established, it did not identify business relationships as

17 an issue that the parties should address in this case?

18 A. That is correct.

19 Q. Mr. Kuss, would you agree that the Commission

20 does not normally attempt to regulate management decisions

21 involving how utilities conduct their business between

22 themselves?

23 A. Yes.

24 Q. Do you know if the Commission regulates --

25 strike that.

1 Do you know if the Commission regulates the
2 business relationship, for example, between two water
3 companies when one water company sells water on a wholesale
4 basis to the other?

5 A. I do not know.

6 Q. Okay. Would you know if the Commission
7 regulates the business relationship between two electric
8 companies when they buy and sell or exchange electricity
9 between those electric companies?

10 A. I do not know.

11 Q. Okay. Is it correct that the Staff does not
12 oppose a change in the business relationship if, and only
13 if, the industry participants agree on a voluntary basis to
14 change those business relationships?

15 A. Yes. As long as they are nondiscriminatory
16 and in the company -- in the public interest.

17 Q. And in the event that the industry
18 representatives do not agree to change the business
19 relationships among themselves, is it correct that the Staff
20 would counsel the Commission that the good news is it
21 doesn't regulate those business relationships anyway?

22 A. That's a somewhat broader statement than I
23 think I would agree with.

24 Q. Okay. In other words, it's not your job to
25 regulate the business relationships?

1 A. It's not really our job to control the way the
2 businesses conduct their own affairs.

3 MR. FISCHER: Thank you. That's all I have.

4 JUDGE MILLS: Thank you.

5 Mr. Bub?

6 MR. BUB: Thank you, your Honor. Your Honor,
7 may I approach the witness?

8 JUDGE MILLS: Yes, you may.

9 MR. BUB: Thank you.

10 CROSS-EXAMINATION BY MR. BUB:

11 Q. Mr. Solt [sic], a couple of weeks ago Staff
12 gave testimony in Case TO-2000-667. That was the
13 investigation into the effective availability for resale of
14 Southwestern Bell's Local Plus service --

15 A. Yes.

16 Q. -- by interexchange carriers and
17 facility-based local exchange companies?

18 A. Yes.

19 Q. And Tom Solt was Staff's witness in that case;
20 is that right?

21 A. That's correct.

22 Q. And he gave Staff's position on the issues
23 there?

24 A. Right.

25 Q. Okay. I'm going to hand you the transcript

1 from that proceeding, show you the section where Tom Solt
2 began testifying.

3 A. Uh-huh.

4 Q. Looking at page 27 -- I'm sorry page 267,
5 Mr. Solt testified that when a CLEC purchases unbundled
6 network elements, it becomes a facility-based provider and
7 is actually the network's service provider for the service.
8 That was Staff's position in that case?

9 A. Yes.

10 Q. Okay. And then in defining what a
11 facility-based provider is, is a CLEC that uses all of its
12 own facilities to provide service. That would be one
13 example?

14 A. Yes.

15 Q. Could be a cable company?

16 A. For example, a cable company, yes.

17 Q. Another example of a facilities-based provider
18 would be where a CLEC use a combination of its own
19 facilities, perhaps a switch and a loop from the incumbent
20 LEC?

21 A. Yes.

22 Q. Or the CLEC could purchase all the network
23 elements, sometimes called UNE-P, U-N-E-P, so that all of
24 the network elements would be provided by the incumbent LEC,
25 but still in that case a CLEC would still be considered a

1 facility-based provider; is that correct?

2 A. Yes.

3 Q. Okay. And when a CLEC purchases UNEs, as the

4 network provider, they are then entitled to all the revenue

5 from the services including access charges, originating and

6 terminating access over those facilities?

7 A. That's correct.

8 Q. Okay. Then if we can look at an interexchange

9 call that an ALLTEL customer -- using UNEs, that would be

10 ALLTEL, the CLEC, in that case -- would make to a

11 Southwestern Bell customer just a regular 1-plus dialed

12 phone call, Staff -- Mr. Solt agreed for Staff that in that

13 ALLTEL owed Southwestern Bell terminating access?

14 A. Yes.

15 Q. And that would have been an ALLTEL customer

16 making a long-distance call that terminates in Southwestern

17 Bell territory?

18 A. Yes.

19 Q. And if the call went the other way,

20 Southwestern Bell would then own ALLTEL terminating access?

21 A. Yes.

22 Q. If you're looking at a different call, an

23 ALLTEL customer being served through ALLTEL's purchase of

24 UNEs, makes an interexchange call to another independent

25 LEC, for example, GTE, ALLTEL in that situation would owe

1 GTE terminating access?

2 A. Yes.

3 Q. Okay. And if the call went the other way,

4 then GTE would pay ALLTEL terminating access?

5 A. That's correct.

6 Q. Okay. Thank you. Mr. Solt [sic], in your

7 testimony, you discussed incentives for a carrier to assure

8 that its traffic measurement is correct?

9 A. Yes.

10 Q. And you indicated that there's minimal

11 incentive when a carrier has no compensation responsibility

12 on that traffic?

13 A. Yes. If a company does not owe for a

14 particular bill, it would have less incentive to be

15 concerned about the handling of that bill.

16 Q. Are you aware that the Small Company proposal,

17 with certain limited exceptions, calls for the former PTCs

18 to pay for all the traffic delivered to the Small Company

19 through the former PTC's tandem?

20 MR. ENGLAND: Objection. Characterization of

21 "limited exceptions."

22 JUDGE MILLS: Could you rephrase?

23 MR. BUB: Exceptions set out in the Small

24 Companies' testimony.

25 MR. ENGLAND: It's not the exceptions I have a

1 problem with. It's the characterization of limited. I
2 don't believe there's any evidence in the record that
3 indicates those exceptions are diminimous or substantial or
4 anything else.

5 MR. BUB: I'll take out the word limited.

6 BY MR. BUB:

7 Q. With the exceptions noted or itemized in the
8 Small Companies' testimony, is your understanding of the
9 Small Companies' proposal that with those certain
10 exceptions, it calls for the former PTCs to pay for all
11 traffic delivered to the Small Company through a former PTC
12 tandem?

13 A. My understanding of the Small Companies'
14 proposal is that they would like someone to pay for any
15 traffic one way or another that they receive. And if the
16 traffic can be properly identified as whose traffic or who
17 originated the traffic, then they would normally bill
18 according to that -- the usual procedure.

19 What they are really concerned about is
20 traffic that is -- that is unidentified. And that seems to
21 me to be the true crux of this entire case, is whether the
22 unidentified traffic that actually arrives at the small
23 LEC's can either be identified or somehow compensated. And
24 the method for compensation is -- in this proposal to get
25 whoever last delivered that traffic to the LEC.

1 Q. And in this case what the Small Company would
2 propose to do, with those certain exceptions, is to have the
3 former PTCs through whom the traffic came pay for all of it.
4 Right?

5 A. That's correct.

6 Q. Okay. And wouldn't you agree with me that
7 with regard to the unidentified traffic, that the Small
8 Companies' proposal completely shifts the responsibility for
9 paying that onto the shoulders of the former PTCs?

10 A. It shifts the responsibility for paying for
11 any traffic that is not otherwise properly identified or
12 properly compensated to the PTCs.

13 Q. If we can look at the unidentified traffic
14 that can't be identified with -- if it can't be identified,
15 the responsibility for paying for that goes completely onto
16 the shoulders of the former PTCs. Right?

17 A. That's right.

18 Q. And the Small Companies would have no
19 financial responsibility on that unidentified traffic
20 because they're getting paid for all of it by the former
21 PTCs; is that right?

22 A. If this is what actually occurs, yes.

23 Q. Under their proposal, that's what would occur?

24 A. Under their proposal, if they are not being
25 paid for it, they would not have further responsibility for

1 that traffic.

2 Q. And you would agree with me that if they had
3 no compensation responsibility, they would have minimal or
4 no incentive to make sure that the traffic was either
5 accurately measured or properly -- or that a record was
6 properly created?

7 A. Well, the -- the small LECs would be creating
8 their own termination records. And they would certainly
9 want to be assured that the records they have would be
10 properly reconciled with any upstream traffic.

11 Q. If --

12 A. So this would also shift the responsibility
13 for -- for identifying that traffic to the PTC. So the PTC
14 would certainly have the incentive to again inquire upstream
15 to find out where that traffic was coming from.

16 Q. But from the Small Companies' perspective,
17 regardless of whether their record was accurate or not or
18 whether it matched the upstream record or not, they wouldn't
19 care because they're going to get paid for it based on their
20 record. Correct?

21 A. I think it's a little harsh to say they
22 wouldn't care.

23 Q. They would get paid for --

24 A. If they were being compensated for it, it
25 would be less of an issue with them.

1 Q. They would have no incentive, if they were
2 getting compensated, to reconcile that with the upstream
3 carriers if they're getting paid for that traffic?
4 A. Depending on the actual arrangement. They
5 may -- I should think would have an arrangement so that the
6 upstream carrier would be notified that they had no record
7 and this was traffic for which they were being compensated
8 which they could not verify. So I don't see that they would
9 have no feeling of obligation whatsoever towards this
10 traffic just because they were being compensated.
11 Q. They would certainly have a lot less incentive
12 to reconcile the difference, wouldn't they, if they were
13 getting --
14 A. Yes, they would.
15 Q. Okay. You also agree with me that on that
16 unidentified traffic the Small Companies seek to be paid at
17 their intrastate intraLATA access rates, which in most cases
18 is their highest rate. Correct?
19 A. In some cases it is certainly.
20 Q. Most cases. Right?
21 A. I couldn't tell you for sure.
22 Q. Would you agree with me that if they get that
23 rate, they'd actually have an incentive to keep that traffic
24 unidentified? For example, if the traffic was identified as
25 MCA, that's bill and keep and they would get no compensation

1 in that case. Right?

2 A. It would certainly shift a burden for
3 identifying the traffic to another company. Any company
4 paying that -- paying this additional bill will be certainly
5 concerned and would make a greater effort to identify.

6 Q. You'd agree with me the Small Companies would
7 be getting -- would be better off with traffic that's
8 unidentified and being paid at the intrastate access rates?

9 A. With such an arrangement, yes. Better off
10 than not being paid at all.

11 Q. Even if there was no entitlement to
12 compensation on that traffic, like MCA?

13 A. I don't quite know what you mean.

14 Q. You'd agree with me that on MCA traffic that's
15 bill and keep by Commission mandate?

16 A. Yes.

17 Q. And it wouldn't be appropriate for the Small
18 Companies to recover access charges on that traffic?

19 A. Right.

20 Q. And with respect to traffic like MCA where
21 they might get paid if it's unidentified, they'd be better
22 off with that traffic remaining unidentified so they'd be
23 getting paid for it. Right?

24 A. Yes. But as Commissioner Schemenauer said,
25 would an honorable man do that? A rhetorical question.

1 Sorry.

2 Q. Would you agree with Sprint's suggestion that
3 these incentives that you discuss in your testimony should
4 instead of being -- should instead be balanced between the
5 parties?

6 A. It would -- it is more equitable, yes.

7 Q. And that way both the Small Companies and the
8 former PTCs would both be incented to work together and
9 resolve the issue?

10 A. Yes.

11 Q. Okay. Such an arrangement would better incent
12 them to pull in the same direction, wouldn't it?

13 A. Yes, it would.

14 Q. I'd like you to think about a couple of
15 questions that Commissioner Murray asked Mr. Schoonmaker on
16 Wednesday. She asked about the end of the Small Companies'
17 proposal in this case. Do you recall that line of
18 questions?

19 A. The end -- not specifically.

20 Q. Okay. She asked was it their end to get paid
21 for all the traffic. In essence, was their end to be made
22 whole for what they were --

23 A. Oh --

24 Q. -- being -- made whole for what they were
25 terminating?

1 A. I believe the answer was that the end was to
2 be compensated, yes.

3 Q. For all the traffic?

4 A. Yes.

5 Q. So that they would be made whole?

6 A. Yes.

7 Q. Okay. That's different in your mind, though,
8 from an end to shift payment obligation for other carriers'
9 traffic to the former PTCs. Correct?

10 A. I'm not certain.

11 Q. Let me rephrase that.

12 A. I think it's more philosophical --

13 MR. ENGLAND: Excuse me. I know he's not my
14 witness, but his answer's have been trampled on now a couple
15 of times.

16 MR. BUB: I thought he said he didn't
17 understand the question.

18 JUDGE MILLS: I think in that instance he was
19 offering some more answer.

20 MR. BUB: I did not know he was not finished.

21 JUDGE MILLS: Let's be sure that the witness
22 has a chance to finish answering the question before you
23 start a new one, and let's be sure the attorney has a chance
24 to finish asking the question before you start answering.
25 Thank you.

1 THE WITNESS: Could you repeat the question,
2 please?
3 BY MR. BUB:
4 Q. Sure. I was asking whether it's a different
5 end, a request to be made whole for all the traffic you
6 terminate versus a request to have a former PTC pay for
7 another carrier's traffic?
8 A. Yes. I would say it is a different end.
9 Q. You haven't heard any party here today say
10 they aren't willing to work cooperatively with the Small
11 Companies so they can be made whole for what they terminate,
12 have you?
13 A. No.
14 Q. And Staff would support such industry
15 cooperation?
16 A. Absolutely.
17 MR. BUB: Thank you. Those are all the
18 questions that we have.
19 JUDGE MILLS: Thank you.
20 QUESTIONS BY JUDGE MILLS:
21 Q. Mr. Kuss, I'm going to ask you the same
22 questions that I've asked everyone else on behalf of
23 Vice-chair Drainer. Well, I think Mr. Minnis asked you the
24 first one, but I'm going to ask it to you again. What is
25 your response to Sprint Witness Cowdrey's 50/50 split

1 proposal?

2 A. Again, it -- it's better than nothing at all,
3 but not as good as the small LEC's proposal from the
4 viewpoint of the small LECs. So I would say it is -- it may
5 be an option that is more acceptable generally to all
6 parties.

7 Q. Okay. And I'm not sure how you were answering
8 that last question, but I want the answer from Staff's
9 perspective and not from the perspective of the small LECs.
10 Were you answering it from that perspective?

11 A. I think it would be Staff's response that the
12 50 percent theory is more equitable or easier to -- is more
13 acceptable to all parties.

14 Q. So it's better than the Small Companies'
15 proposal?

16 A. Well, the Small Companies' proposal, again, is
17 an alternative, an option, so I'm not certain that it
18 doesn't -- that it lacks merit because of that. If it were
19 accepted among individual parties, I think it would still be
20 preferable.

21 Q. When you say "it," which were you talking
22 about?

23 A. The small LECs' proposal in which they -- in
24 which individual parties agree to make an arrangement by
25 which the last transmitter of the traffic pays for -- or

1 assures compensation for all that traffic delivered;
2 whereas, if -- if I understand the 50 percent proposal, that
3 would be more sweeping and would accept -- would be more
4 binding or more parties.

5 Q. Okay. So let me back up here. Is Staff's --
6 does Staff prefer the Small Company proposal or the 50/50
7 split?

8 A. The Staff would not oppose the Small Company
9 proposal nor would it propose a 50/50 split. I think in
10 preference, the Small Companies' proposal is maybe the more
11 equitable considering that -- the problems it causes. I
12 mean, I'm sti-- I'm having a little difficulty. I do not
13 see a major benefit in either way -- in either direction.

14 Q. Now, I notice that your testimony in the Staff
15 position statement was fairly carefully phrased and it says
16 you do not oppose the Small Company proposal. Does the
17 Staff support that proposal?

18 A. As an option, yes. If it's to be made an
19 option available to those companies wishing to adopt it,
20 yes.

21 Q. Okay. Does the Staff support the 50/50
22 proposal?

23 A. My understanding of the 50/50 proposal is that
24 it is proposed not as an option, but as a general solution.
25 So I may have misunderstood that, but if that is to be -- to

1 be imposed on all parties, I would consider that less
2 desirable.

3 Q. Okay. Now, have you done any calculations of
4 the cost of implementation of the -- the cost of
5 implementation and the cost of using the Small Companies'
6 proposal?

7 A. I have not.

8 Q. Okay. And, finally, I know you had some
9 discussion about the business relationship under
10 cross-examination, but I'll ask you this question. Since
11 all parties are present in this case, the former PTCs and
12 the small LECs, isn't it judicially efficient to go ahead
13 and decide the business relationship here?

14 A. It seems to me that it would be.

15 JUDGE MILLS: Those are all the questions I
16 have.

17 In terms of the order of further
18 cross-examination, I'm just going to offer it in the same
19 order that, for example, the MITG witnesses went in. So
20 first I'll go to Mr. England.

21 MR. ENGLAND: Thank you.

22 FURTHER CROSS-EXAMINATION BY MR. ENGLAND:

23 Q. Mr. Kuss, I want to ask you just a couple of
24 questions about the equity or inequity of the various
25 proposals and the 50/50 compromise that Mr. Cowdrey

1 testified to. And I want to look at it from the former
2 PTC's point of view. Would you agree with me that under
3 their proposal, the Small Companies would be responsible for
4 100 percent of the unidentified traffic?

5 A. Under the -- oh, under the small LECs'
6 proposal you mean?

7 Q. No. Under the PTCs -- former PTCs' proposal,
8 the Small Companies would absorb the loss, whatever you want
9 to call it, associated with -- 100 percent of it associated
10 with the unidentified traffic?

11 A. Oh, yes.

12 Q. Okay. And that's the way it is today.
13 Correct?

14 A. That's correct.

15 Q. And that's the way they propose it to
16 continue, with the exception of Mr. Cowdrey perhaps?

17 A. Yes.

18 Q. And would you agree that that situation is
19 clearly inequitable?

20 A. Yes.

21 Q. Thank you. Do you have any thoughts on
22 Mr. Schoonmaker's comments when asked the same question
23 about the 50/50 proposal regarding the relative size of the
24 companies and their financial position relative to one
25 another?

1 A. It seems that the smaller the company, the
2 less able they would be to absorb losses. But as to their
3 profitability, I could not verify that they would be injured
4 specifically by it.

5 Q. I was thinking more in terms of the 50/50
6 split. That seems to me, and I think to Mr. Schoonmaker, to
7 assume that you have two companies on equal footing?

8 A. Right.

9 Q. Do you really believe that the Small Companies
10 are on equal footing financially or with respect to their
11 position within the network as the former PTCs?

12 A. No.

13 MR. ENGLAND: Thank you, sir. No other
14 questions.

15 JUDGE MILLS: Thank you.

16 Public Counsel is not present. Verizon?

17 FURTHER CROSS-EXAMINATION BY MR. FISCHER:

18 Q. Mr. Kuss, I was okay until that last exchange
19 with the Judge, and I just wanted to understand what you
20 were saying. You weren't changing your testimony from
21 earlier in the case; is that right?

22 A. That's right. I don't think so. I --

23 Q. Okay. And if I understood your answers on the
24 50/50 split, the Staff is comfortable if any of the
25 companies want to agree to the Small Companies' proposal to

1 change the business relationship? You're okay with that if
2 we agree to do that?

3 A. Yes.

4 Q. You're not suggesting that the imposition of
5 the 50/50 split that Mr. Cowdrey talked about on any company
6 that does not agree with that is the best solution for this
7 case?

8 A. No. I'm not suggesting that.

9 MR. FISCHER: Okay. Thank you.

10 JUDGE MILLS: Mr. Johnson?

11 MR. JOHNSON: No, thank you.

12 JUDGE MILLS: Mr. Minnis?

13 FURTHER CROSS-EXAMINATION BY MR. MINNIS:

14 Q. I do have one clarifying set of questions. I
15 want to make sure. It's your position that the -- is it
16 your understanding that the small -- small guys, small LECs'
17 proposal is not to be imposed on the tandems, only if the
18 former PTCs agree to that?

19 A. Yes.

20 Q. Okay. If the Commission were to weigh -- let
21 me ask you if you have an opinion on whether the Commission
22 was trying to determine whether to impose the small LECs'
23 proposal on the tandem providers or impose the 50/50 split,
24 do you have an opinion one way or the other which is the
25 most equitable?

1 A. I could not say which would actually be the
2 most equitable. They both have advantages and
3 disadvantages.
4 MR. MINNIS: Okay. I don't have any further
5 questions.
6 JUDGE MILLS: Okay. Mr. Bub?
7 MR. BUB: We don't either. We don't have any
8 questions.
9 JUDGE MILLS: Redirect?
10 REDIRECT EXAMINATION BY MR. KRUEGER:
11 Q. Just one question to try to clarify this last
12 line of questioning. Is it your testimony that the Small
13 Companies' proposal implemented on an optional basis is
14 preferable to the 50/50 split on a mandatory basis?
15 A. That's correct.
16 JUDGE MILLS: Thank you.
17 Mr. Kuss may step down and you may be excused.
18 One minor housekeeping matter. We have a
19 pending motion on behalf of Linda Gardner on behalf of
20 Sprint to withdraw as counsel in this case. I'm going to
21 grant that right now on the record.
22 Now we need to figure out a briefing schedule.
23 MR. BUB: Your Honor, before we do that, we
24 have one more housekeeping matter that Mr. England the --
25 the report. --

1 MR. ENGLAND: Are we on the record?

2 JUDGE MILLS: Yes, we are.

3 MR. ENGLAND: I think the thought was that

4 we'd have copies by the end of the day and we have not had a

5 break to obtain those copies. Could we reserve an exhibit

6 number and we will submit it after the fact?

7 JUDGE MILLS: We will reserve No. 40 for a

8 late-filed exhibit, which will be the final report from the

9 records test.

10 And I will -- almost all the parties are

11 present but not quite because Public Counsel is not here. I

12 think we'll have to allow the opportunity for parties to

13 look at that and object to it. So if you can get that filed

14 later today -- anyway, we will allow 10 days from the date

15 of filing for any parties to make objections to that

16 late-filed exhibit.

17 Is there anything further in the way of

18 housekeeping like that?

19 Okay. Let's talk about a briefing schedule.

20 The Commission's rules sort of set a default time period of

21 20 days and 10 days from the time the transcript is filed

22 for briefs. Is that going to be sufficient in this case?

23 MR. ENGLAND: When are transcripts going to be

24 available?

25 JUDGE MILLS: Transcripts, unless some party

1 has asked for an expedited transcript and I don't believe
2 anyone has in this case, are typically two weeks, ten
3 business days from the close of the proceeding.

4 MR. ENGLAND: So we're looking at an initial
5 brief of approximately 34 days from today?

6 JUDGE MILLS: Roughly. So we can anticipate
7 the transcripts being filed on or about February 9th. That
8 would make initial briefs due March 1st, reply briefs --
9 well, the 11th falls on a Sunday, so reply briefs
10 March 12th.

11 MR. MINNIS: Would you mind if we did it on
12 the 13th just to make it a Tuesday instead of a Monday, if
13 that's okay.

14 JUDGE MILLS: That's fine. Does anyone have
15 any objections to that briefing schedule?

16 MR. BUB: Your Honor, could we -- I don't have
17 my calendar with me, but I think we have another briefing in
18 that Local Plus case and I would like to be able to check to
19 see when that brief is due because we're all in that and I
20 don't know if we want to have, you know, two major briefs
21 due at the same time. If I could just maybe have five
22 minutes to call back to the office, I can find out when the
23 brief is due in the other case.

24 JUDGE MILLS: Sure. We'll go off the record
25 for five minutes.

1 (Off the record.)

2 JUDGE MILLS: Mr. Bub, have you had a chance

3 to verify when the Local Plus briefs will be due?

4 MR. BUB: Yes. What we've decided to do here

5 is try and move Local Plus back. And for the purpose of

6 this case, you know, we're okay now with the March 1st

7 initial and the March 13 reply dates.

8 JUDGE MILLS: Okay.

9 MR. BUB: And we'll, I guess on the Local Plus

10 dates, ask for an extension of time or we'll do that

11 separate --

12 JUDGE MILLS: And if for whatever reason

13 parties need extra time in this case, you can always file a

14 motion for that. But unless something else is filed, we'll

15 establish March 1st as the date for simultaneous initial

16 briefs, March 13th is the date for simultaneous reply

17 briefs.

18 Anything further? Seeing nothing, we're

19 adjourned and we're off the record.

20 WHEREUPON, the hearing was adjourned.

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