

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

In the Matter of the Possible Amendment     )  
to Section 4 CSR 240-29.040.                     )     Case No. TX-2006-0444

**Comments of the Small Telephone Company Group**

**Introduction**

On May 24, 2006, the Commission issued its Notice Opening New Case, Inviting Comments and Issuing Protective Order inviting interested persons to file comments on the issue of whether the Missouri Public Service Commission ("Commission") should amend 4 CSR 240-29.040 of its Enhanced Records Rule ("ERE") to require that Calling Party Number ("CPN") be included in the Category 11-01 billing records for wireless calls exchanged between telecommunications companies in Missouri. This case was established after the Commission had issued its Order Clarifying Rule in Case No. TE-2006-0053 in which it found that the ERE did not require that CPN be included in the Category 11-01 records.<sup>1</sup> The Small Telephone Company Group ("STCG") participated fully in the prior cases that gave rise to the ERE Rule, and a list of members of the STCG is attached as Appendix A. The proceedings that gave rise to the ERE Rule and the dispute between the small local exchange companies (ILECs) on the one hand and the tandem or "transit" carriers on the other hand are summarized in the history attached as Appendix B.

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<sup>1</sup> In Case No. TE-2006-0053, STCG witness Schoolmaker demonstrated that the EMI documentation includes the number of the originating party as a required field in all Category 11-01 records. The STCG continues to believe that CPN should be included in these records for wireless traffic delivered over the LEC-to-LEC network.

The STCG continues to believe that the ERE rule as originally promulgated required the transiting carriers to include the CPN in the Category 11-01 billing records for wireless originated calls, but if the Commission believes that an amendment is necessary in order for the CPN to be included in these records, the STCG urges the Commission to amend 4 CSR 240-29.040(4) in this proceeding so that there is no dispute that CPN is to be included as a part of the Category 11-01 record.

### Comments

The Commission has established this case to determine if the rule should be amended to require CPN to be included in Category 11 billing records for wireless calls. The STCG offers the following comments and/or responses to the questions posed by the Commission in its Order inviting comments:

**1. Why would a terminating carrier need CPN for wireless calls in the Category 11 records if the carrier receives CPN contemporaneous with the call?**

In order to bill the originating carrier for a call that is terminated on its network, the terminating carrier needs to know the jurisdiction of the call which is derived from both the calling and the called party numbers. The terminating carrier also needs to know the carrier who is financially responsible for the call, as the true originating carrier is not always the carrier that is financially responsible for paying other carriers whose facilities they use to complete the call. While the CPN is received in real time through the network during the call, the responsible carrier is only identified in the subsequent billing record. Thus the terminating carrier does not have all of the information it needs in one place, and at one time, to accurately and properly bill the call without the CPN being reported in the billing record. It is important for the CPN to be

captured and recorded in a manner that facilitates billing, as is required in the EMI record format for Category 11-01 records, not just as information that is passed at the time of the call.

Additionally, as was stated by Staff witness Voight in his testimony and at hearing in Case No. TE-2006-0053, CPN is necessary for auditing purposes. Mr. Voight stated:

In many instances (but not all instances), knowing the CPN will assist the terminating carrier in verifying the proper jurisdiction of wireless-originated telephone calls. Billing records that contain CPN of wireless-originated calls can aid terminating carriers in establishing practices which reveal network usage. In my opinion, the lack of CPN within the billing record restricts, perhaps severely, the ability of terminating carriers to institute general network auditing guidelines.<sup>2</sup>

And further:

Knowledge of who is using the telephone network is simply a good business practice. Moreover, *omission* of CPN in billing records restricts the ability of terminating carriers to employ reasonable practices designed to obtain such knowledge.<sup>3</sup>

If the terminating carrier does not receive this information, it has no way to identify “phantom” traffic or to determine whether the traffic received should be billed under reciprocal compensation rates or access rates. CPN is captured and placed in the billing records for all calls, including wireless calls, when it is delivered over the FGD or IXC network. CPN is also captured and placed in the billing records for all landline calls (ILEC and CLEC) that are transmitted over the LEC-to-LEC network. The only billing records where CPN is currently not

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<sup>2</sup> Voight Direct Testimony, p. 6, Case No. TE-2006-0053.

<sup>3</sup> Voight Direct Testimony, pp. 8-9, Case No. TE-2006-0053 (emphasis in original).

included is in the records for wireless traffic placed on the LEC-to-LEC network. It is just as important, if not more so, for the CPN to be included in the Category 11 records for wireless calls.

**2. Is it possible for a terminating carrier to reconfigure its equipment to collect the CPN in lieu of receiving it in a Category 11 record? If so, at what cost?**

Terminating carriers do not need to “reconfigure” their equipment to capture the originating CPN since terminating carriers currently receive CPN in real time in their switches. However, terminating carriers do not receive information regarding the carrier that is financially responsible for the call from the network. This information is not received until the terminating carrier receives Category 11-01 records from the terminating tandem carrier. Simply knowing the calling party’s number is not sufficient information to accurately bill for the call. For example, the calling party’s carrier (i.e., the originating carrier) may contract with another carrier to transport and terminate the originating carrier’s traffic. In that case, the carrier responsible for paying the tandem carrier and the terminating carrier is not the originating carrier, but the carrier that is performing the transport and termination function on behalf of the originating carrier (sometimes called an “underlying carrier”). Thus, the financially responsible carrier is the one who has contracted with the tandem carrier to deliver traffic to the tandem over a dedicated trunk. Terminating carriers who then receive traffic from the tandem carrier over common trunks have no way of knowing, in real time, the trunk group over which traffic was terminated to the tandem carrier and, therefore, the financially responsible party to bill. Terminating carriers must wait until the end of a billing period to obtain records from the tandem carrier which not only identifies the amount of the traffic to be billed, but the financially responsible carrier to be billed.

Terminating carriers are not aware of any changes or modifications that they could make to their equipment which would allow them to obtain information, on a real time basis, which would identify the financially responsible carrier for each terminating call. Therefore, at this point in time, it is not a matter of cost, but rather a matter of technical infeasibility, which prevents terminating carriers from acquiring all of the information they need at their end office to accurately and properly bill for traffic delivered to them over the common trunk groups from the tandem carrier.

**3. How much revenue have terminating carriers lost because wireless CPN has not been included in the Category 11 records? How was that revenue number calculated? What percentage of overall revenue is that "lost" revenue number?**

It is not possible to determine how much revenue has been lost by the terminating carriers because wireless CPN has not been included in the Category 11-01 records. Although terminating carriers have been able to bill wireless carriers based on the Category 11-01 wireless records created by the tandem, that does not necessarily mean that those bills have been accurate (particularly as to the jurisdiction of the traffic), and that there has not been a loss of revenue. For example, wireless carriers are required to pay access charges on inter-MTA traffic they terminate over the LEC-to-LEC network. To date, wireless carriers have been unable (or have refused) to provide the necessary information that would identify the jurisdiction of a wireless originated call on a call by call basis. Accordingly, terminating carriers have used originating and terminating telephone numbers in order to obtain or to develop jurisdictional factors for purposes of billing access charges on inter-MTA traffic.<sup>4</sup> Without originating CPN in the

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<sup>4</sup> See, BPS Telephone Company, et al. v. Voicestream Wireless Corporation et al., TC-2002-1077 (January 27, 2005) (CPN information was used by Mark Twain Rural Telephone Company to perform a traffic study to determine that 70% of the traffic from T-Mobile callers that terminated to the Mark Twain exchanges was interMTA) and *In the Matter of the Petition of Alma Telephone Company for Arbitration of Unresolved Issues Pertaining to a Section 251(b)(5)*

wireless records, terminating carriers have been required to perform special studies to capture and compare originating CPN with the Category 11-01 wireless records. If, however, the originating wireless CPN is included in the Category 11-01 billing records, as contemplated in the EMI rules, terminating companies could regularly audit traffic terminated to them by a particular wireless carrier to determine if they are receiving substantial amounts of inter-MTA traffic and jurisdictional factors should therefore be adjusted.

Another concern small ILECs have is that wireless carriers may contract with (or become an underlying carrier for) other carriers to terminate their traffic. For example, a wireless carrier may contract with a landline company (e.g. CLEC) to terminate its traffic on the LEC-to-LEC network. In most, if not all, cases that landline traffic would be interexchange traffic and subject to access charges. If, however, that landline traffic is commingled with wireless traffic in the Category 11-01 billing record, it will look like “local” wireless traffic and will be billed at the much lower reciprocal compensation rates. Accordingly, there is a financial incentive for carriers to misrepresent the jurisdiction and nature of traffic to make it look like local traffic when, in fact, it is interexchange traffic. If, however, terminating carriers were to receive originating CPN in the wireless 11-01 records, they could regularly audit this traffic to make sure that access or interexchange traffic is not being terminated as reciprocal compensation traffic. To date, the small ILECs have not undertaken the time consuming and costly process of regularly performing special studies to determine whether, and to what extent, they are receiving

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*Agreement with T-Mobile USA, Inc.*, IO-2005-0468 (October 6, 2005) (the Commission stated, “The BPS decision is guidance for the Commission’s accepting the validity of the studies that Chariton Valley, Mid-Missouri and Northeast submitted. The Commission accepted the methodology of an NPA-NXX study to ascertain traffic jurisdiction.”).

access traffic under their reciprocal compensation agreements with wireless carriers and are, therefore, unable to determine the amount of revenue loss. Again, inclusion of originating CPN in the wireless records would allow terminating carriers to regularly monitor the types and/or jurisdiction of traffic they are receiving pursuant to a wireless reciprocal compensation agreement.

**4. Why are wireless calls treated differently from wireline calls in relation to CPN in the Category 11 records?**

The STCG does not believe that wireless calls should be treated differently from wireline calls. As described in Mr. Schoonmaker's testimony in Case No. TE-2006-0053, the EMI record formats make no exception for the provision of the "From Number" or CPN in wireless Category 11-01 records. The STCG believed at the time the transiting carriers were ordered to provide the Category 11-01 records that the CPN for wireless calls would be included, as it was in the 11-01 records for all other calls. As a matter of fact, CPN is included for wireless-originated calls delivered over the FGD or IXC network. The STCG is not aware of any legitimate reason why AT&T should not include the originating CPN as is done for all other call records traversing the FGD and FGC networks. One can only surmise that AT&T chose not to provide the CPN because it entailed additional costs.

**5. What is the estimated cost to the transiting carrier to reconfigure its equipment to capture a wireless CPN for Category 11 records?**

The STCG cannot provide this information. Based on the cost estimates provided in Case No. TE-2006-0053, however, any such costs are considerably less than the \$18,000,000 in ongoing annual savings to AT&T from the elimination of the PTC Plan in 1999.

**6. What is the estimated time frame within which such reconfiguration is practicable?**

The STCG cannot provide this information.

Respectfully submitted,

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## **APPENDIX A - List of STCG Member Companies**

BPS Telephone Company  
Cass County Telephone Company  
Citizens Telephone Company of Higginsville, Mo., Inc.  
Craw-Kan Telephone Cooperative, Inc.  
Ellington Telephone Company  
Farber Telephone Company  
Goodman Telephone Company  
Granby Telephone Company  
Grand River Mutual Telephone Corporation  
Green Hills Telephone Corporation  
Holway Telephone Company  
Iamo Telephone Company  
Kingdom Telephone Company  
KLM Telephone Company  
Lathrop Telephone Company  
Le-Ru Telephone Company  
McDonald County Telephone Company  
Mark Twain Rural Telephone Company  
Miller Telephone Company  
New Florence Telephone Company  
New London Telephone Company  
Orchard Farm Telephone Company  
Oregon Farmers Mutual Telephone Company  
Ozark Telephone Company  
Peace Valley Telephone Company  
Rock Port Telephone Company,  
Seneca Telephone Company  
Steelville Telephone Exchange, Inc.  
Stoutland Telephone Company

## **APPENDIX B**

### **History of Network Billing and Business Relationship Issues between Small ILECs and Tandem/Transit Carriers**

For a number of years, the small incumbent local exchange telecommunications companies (ILECs) have sought relief from the Commission for the problem of unidentified, or “phantom,” traffic that is terminated on their networks, but for which no billing record is provided by the originating or transiting carrier that can be used by the small ILECs to bill for the traffic. In order for a terminating carrier to bill for a call that has been placed on its network, the carrier needs to know the time the call is placed, the duration of the call, the jurisdiction of the call, and the party to whom it should be billed. In Case No. TO-99-254, the Commission ordered that industry standard Category 11-01-XX call records be provided to any local exchange company that requested them for any calls terminated to it for which originating records were created and passed.<sup>5</sup> “Industry standard” Category 11-01-XX records are the records that have been used for many years to identify and bill for interexchange traffic. More recently, with the advent or proliferation of competitive local exchange carrier (“CLEC”) and wireless traffic, 11-01 records are also used to identify and bill for these types of traffic. The records for interexchange traffic or Feature Group F (FGD) traffic (both wireline and wireless) and for CLEC traffic include CPN, which allows the terminating carrier to identify the jurisdiction of the call. As demonstrated by Mr. Schoonmaker’s testimony in Case No. TE-2006-0053 the standard EMI documentation requires CPN to be provided for wireless traffic as well. It was not until mid-2004, when SBC/AT&T began creating “call detail” records for

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<sup>5</sup> *In the Matter of an Investigation Concerning the Primary Toll Carrier Plan and IntraLATA Dialing Parity*, 8 Mo. P.S.C. 3d 176, 185 (June 10, 1999).

wireless originated traffic (replacing the cellular terminating usage summary reports or CTUSRs) that Category 11-01 records for this type of traffic were created; however, those Category 11-01 records did not include CPN.<sup>6</sup> This has created a situation where the small companies have no way of identifying the originating calling party's number for wireless calls that are terminated on the LEC-to-LEC networks. This precludes the small ILECs from, among other things, being able to determine the appropriate jurisdiction of the calls and thus the appropriate rates to apply.

### **The Primary Toll Carrier (PTC) Plan**

On October 23, 1987, the Commission issued a *Report and Order* which adopted an industry proposal for a Primary Toll Carrier ("PTC") Plan in Case No. TO-84-222. During the PTC Plan, five Missouri incumbent local exchange carriers (ILECs) served as Primary Toll Carriers ("PTCs") and were responsible for providing intraLATA toll service to the other Missouri ILECs (including the small ILECs) that served as Secondary Carriers ("SCs"). The five Missouri ILECs were SBC Missouri f/k/a Southwestern Bell Telephone Company now AT&T Missouri), Sprint Missouri Inc., Contel (which later merged with GTE), GTE Midwest (now CenturyTel/Spectra), and Fidelity Telephone Company. Under this arrangement, the PTC originating intraLATA toll traffic from an SC access tandem or end office was responsible for compensating the SC for all traffic intraLATA traffic terminated to that SC access tandem or end office through the use of a Terminating to Originating (T/O) factor regardless of which PTC originated the traffic.

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<sup>6</sup> As of March 2006, Sprint Missouri, Inc. (now "Embarq") has actually taken the necessary steps to create Category 11-01 records for wireless originated traffic that include CPN.

The PTC Plan lasted for over eleven (11) years, but it became problematic primarily as a result of the requirement to implement intraLATA toll dialing parity (i.e. choice of intraLATA toll carriers). In addition, the PTCs had been seeking an end to the PTC Plan for financial reasons. For example, Southwestern Bell (now AT&T Missouri) testified that it lost approximately \$18 million a year by providing intraLATA toll to small ILECs in Missouri.<sup>7</sup> Ultimately, the Commission issued a *Report and Order* in Case No. TO-99-254 on June 10, 1999 finding that the PTC Plan was incompatible with competition and intraLATA dialing parity.<sup>8</sup> Accordingly, the Commission ordered the end of the PTC Plan and the beginning of intraLATA dialing parity.

The PTC Plan's elimination relieved SBC (now AT&T) of the obligation to pay approximately \$18 million each year to the small ILECs.<sup>9</sup> The elimination of the PTC Plan also led to the abrupt transformation from the business relationship where the SC billed the PTC for the traffic terminated to the SC over the PTC's facilities by use of the T/O factor to one where the SC was required to bill each carriers who originated and sent traffic over the former PTC's facilities for termination to the SC.

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<sup>7</sup> See Southwestern Bell witness Gerdes Direct, Ex. 28, Schedule 3, *In the Matter of the Investigation Concerning the Primary Toll Carrier Plan*, Case No. TO-99-254.

<sup>8</sup> *In the Matter of an Investigation of the Primary Toll Carrier Plan*, 8 Mo. P.S.C. 3d 176 (June 10, 1999).

<sup>9</sup> See footnote 7 above. Other former PTCs also experienced substantial savings. For example, Sprint testified that it lost approximately \$600,000 per year in provisioning toll to SC exchanges. *In the Matter of an Investigation Concerning the Continuation or Modification of the Primary Toll Carrier Plan*, Case No. TO-97-217, *Report and Order*, issued Mar. 12, 1998, p. 12. The Commission recognized that the former PTCs would realize substantial savings upon elimination of the PTC Plan. For example, the Commission observed, "Any additional expense [the provision of standard "Category 11" records] will cause the PTCs is dwarfed by the elimination of the revenue losses they assert they are suffering under the PTC plan." *In the Matter of an Investigation of the Primary Toll Carrier Plan*, Case No. TO-99-254, *Report and Order*, issued June 10, 1999, p. 14.

The rush to terminate the PTC Plan left unanswered a number of questions about the business relationship between the former PTCs and the small ILECs. The primary unresolved issues were: (1) the question of financial responsibility for traffic originated by other carriers but “transited” over the former PTCs’ facilities before terminating to the former SCs; (2) the problem of unidentified, unreported, and uncompensated traffic delivered by the former PTCs to the former SCs; and (3) the creation of adequate billing records to reflect the financially responsible carrier and to reflect the jurisdiction of the call for appropriate rating.

### **Case No. TO-99-593 and the Network Test**

When the Commission ordered the end of the PTC Plan, it recognized concerns raised by the small ILECs about signaling protocols (i.e. the continued use of Feature Group C (FGC) signaling protocol in a competitive environment), the potential for disparities in compensated versus recorded terminating traffic resulting from the use of originating records, and concerns regarding the use of different business relationships for intraLATA traffic delivered by former PTCs as opposed to intraLATA traffic delivered by other interexchange carriers (IXCs). Accordingly, on June 19, 1999, the Commission established Case No. TO-99-593 to investigate “signaling protocols, call records, trunking arrangements and traffic measurement.”<sup>11</sup>

As part of Case No. TO-99-593, on July 16-17, 2000, the parties conducted a Network Test where the terminating usage recorded by a group of small ILECs was compared with the originating records provided by the former PTCs and other carriers delivering traffic to the small ILECs. The initial results of the Network Test confirmed the small ILECs’ concerns about the use of originating records. For the nine (9) small companies analyzed, 74.6% of the terminating

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<sup>11</sup> *In the Matter of the Investigation Concerning the Primary Toll Carrier Plan*, 8 Mo. P.S.C. 3d 176, Case No. TO-99-254, *Report and Order*, p. 19.

records had matches from the originating records. Stated another way, the originating records (which the small companies use to bill terminating access) only captured 75% of the total traffic terminating to the small companies. The other 25% of the terminating traffic was “unidentified” (i.e. the originating carrier was unknown) and thus unbillable. On an individual company basis, the percentage of matched records was as low as 41.1%. The results of this network test clearly demonstrated that the originating records being produced and/or passed by the former PTCs and other carriers were not providing an accurate and complete picture of the total amount of traffic terminating to the small ILECs.

#### **Ordering and Billing Forum (OBF) Issue No. 2056**

Contested hearings were held in Case No. TO-99-593 in which these issues were raised. In response to the problems revealed by the Network Test, various parties proposed solutions, including a proposal by the small ILECs for a business relationship similar to that used for FGD traffic and Verizon Midwest’s (formerly GTE) proposal to adopt Ordering and Billing Forum (OBF) Issue No. 2056. On December 13, 2001, the Commission issued an order declining to adopt the change in business relationship and, instead, directing the implementation of OBF Issue No. 2056 in hopes of reducing the number of billing discrepancies and making it easier to resolve such discrepancies when they did arise. Unfortunately, adoption of OBF Issue 2056 later in 2002 did not resolve the issues, and the Commission and the industry subsequently recognized this fact. *See In the Matter of the Investigation into Signaling Protocols, Call Records, Trunking Arrangements and Traffic Measurement*, Case No. TO-99-593, *Order Denying Motion*, issued Jan. 28, 2003.

### **Enhanced Records Exchange (ERE) Rule**

On January 28, 2003, the Commission directed its Staff to proceed with drafting a rule to address the problems with the originating records system. Staff and industry representatives worked diligently to draft a rule that achieved these objectives and sought comments from the industry. On March 27, 2003, the Commission issued its "Order Finding Necessity for Rulemaking" in Case No. TX-2003-0301.

During the rulemaking process, but after industry workshops had concluded (i.e. late summer or early fall of 2004), AT&T Missouri began providing call detail records for wireless traffic that replaced summary records (i.e. CTUSRs). It was shortly thereafter that the small ILECs discovered that these call detail records did not include CPN. The small ILECs attempted to resolve this issue informally with AT&T and then, when that was not successful, they brought this issue to the Commission's attention in their comments and at the public hearing. The small ILECs thought the matter was clearly resolved, if not in the rule itself, at least in the Commission's Order of Rulemaking. Nevertheless, the dispute continued in Case No. TE-2006-0053, AT&T Missouri's request for a waiver of 4 CSR 240-29.040(4).

On May 23, 2006, the Commission issued its *Order Clarifying Rule* finding that, while it had intended to do so, the actual language of the ERE rule did not require that the CPN be included in Category 11 billing records for wireless calls provided to terminating carriers for wireless traffic that transits the LEC-to-LEC network.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was sent by electronic submission or hand-delivered this 7<sup>th</sup> day of July, 2006, to:

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